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ABSTRACT

The booklet contains transcripts of ten presentations given at a workshop on consumer economics in Michigan. The main objective of the workshop was to explore ways of improving the training of undergraduate and graduate education majors and the inservice training of secondary and middle school teachers in the areas of personal and family finance. Among the speakers were representatives of the Michigan State Board of Education, Michigan State University, the Michigan Consumer Education Center, the American Council of Life Insurance, and a state senator. Topics included the following: factors influencing family financial planning education, use of role play and games in teaching consumer economics, development of a resource library in consumer economics, and use of the computer in money management education. A summary of group discussion following the workshop emphasized (1) linkages between the state, communities, and universities in developing consumer education programs, and (2) development of a plan for inter-university cooperation. (AV)

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PROCEEDINGS

OF THE

MICHIGAN INTER-UNIVERSITY WORKSHOP

IN CONSUMER ECONOMICS

AUGUST 27-29, 1978

Under a grant from the American Council of Life Insurance
in cooperation with the
U.S. Office of Consumers' Education
Washington, D.C. 20202

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MICHIGAN INTER-UNIVERSITY WORKSHOP IN CONSUMER ECONOMICS -- 1978

AUGUST 27-29, 1978

NORTHWOOD INSTITUTE -- MIDLAND, MICHIGAN

WORKSHOP OBJECTIVES:

In order to become more effective in training undergraduate and graduate students and in providing inservice training to secondary and middle school teachers in the areas of personal and family finance, the teacher educator participants will:

1. Review and update knowledge of content, including but not limited to:
   a. Personal and family financial planning with emphasis on values, goals, priorities and resources, including the budgeting process.
   b. Personal and family record keeping.
   c. Effects of changes in family life on use of income.
2. Identify ideas on effective methods of teaching personal and family financial planning competencies, including but not limited to:
   a. Development, use and evaluation of teacher constructed and student constructed games and simulation experiences.
   b. Selection and use of films, filmstrips and other media in consumer and economic education.
   c. Use of community resources, *people, places and things,* in consumer economics classrooms.
3. Identify strategies for integrating consumer economics concepts and methods into the preservice and inservice teacher training programs in Michigan.
4. Encourage improved communication and coordination among universities and Teacher Centers in Professional Development Programs in consumer economics.

Funded through a grant from
The American Council of Life Insurance
Washington, D.C.

SELECTED FACTORS INFLUENCING FAMILY FINANCIAL PLANNING EDUCATION

Remarks by Dr. K. Edwin Graham, Director, Education Services, American Council of Life Insurance. Given at the Inter-University Conference, Midland, Michigan, August 28, 1978.

The American Council of Life Insurance has been involved in the area of family financial planning education for the past 35 years. From the beginning there has been tremendous emphasis on equiping the teacher to take an inter-disciplinary approach when dealing with the complex issues of family finances. We hold to that traditional approach today and feel that it is more valid today than 35 years ago.

For many of those 35 years we funded six week summer workshops for teachers at campuses throughout the nation. The workshops featured both the content and teaching methods related to personal and family finances. In more recent years, we have expanded our programs to work with universities as well as state boards of education in delivering pre-service and in-service teacher education, with community college teacher education, and now with the teachers of teachers who are interested in taking a fresh look at how we train teachers to handle this complex area of our lives.

In all these programs, there are certain basic assumptions which guide us. So that we are all on the same track tonight, I would like to share with you seven of those basic assumptions. We assume:

1. That it is important for a person or family to manage their financial resources well because there is a direct link between family stability and financial stability.
2. That individuals or families do not make financial decisions in isolation -- whether to spend, to save, to give, or to invest. Their decisions are controlled or at least influenced by feelings, attitudes, social pressures, knowledge, values, expectations and unmet needs. Therefore, to teach personal finance, we must go beyond the mere knowledge of banking, credit, savings, insurance, taxes, etc., and deal with these other areas of family finance as well.

3. That a high percentage of persons in our society cannot function effectively in many areas related to their financial affairs. We believe this high percentage will increase unless we take serious measures to deal with that inadequacy in ways that we have not dealt with it before.
4. Many of the old guidelines which were the cornerstone of our teaching about personal or family finances no longer work. For example, two and a half times your income for housing, or two months income as a savings account are no longer applicable because of the complexity of issues that influence financial decisions.
5. Personal and family financial planning is becoming more and more complex every day. The use of electronic transfer of funds, separating the source of income from the family unit as contrasted with an agrarian economy, the increasing complexity of taxes, and especially inflation, are just a few examples. All of these factors further complicate what has always been a complex issue.
6. That educators and states are becoming more and more concerned in these practical areas of education. This is best illustrated by noting that several states have mandated competencies in this field as a requirement for graduation.
7. We need to find new and more effective ways to teach and to learn the essentials of effective personal and family financial planning today.

My task tonight is to provide a basic perspective from which we undertake this task. I could approach this subject from at least three different levels. The first two, the use of appropriate teaching skills and methods and the basic content or knowledge such as interest, credit, banking, etc., are the levels on which we usually talk about family financial planning education. These are areas you know well or at least you know others in your community who have these competencies. I wish to approach the topic from a conceptual viewpoint, providing a framework or background that shapes and determines what it is that you and I may be able to do in teaching teachers both the content and methodology that are appropriate for today.

While I talk about some of the basic background and framework considerations, I would like you to think of two things. Every time I mention a factor which influences family finances, I want you to think, first, what are the implications of this factor for the content and methodology that teachers should use in the classroom? Second, what are the implications of this factor for the ways in which

you will train classroom teachers to do their job:

I would like to do this in three stages. First, let's consider some of the social, economic, attitudinal changes that affect both the way we handle our financial affairs and the way we teach. Second, I would like to place against that background a set of competencies which a group of educators worked out as the minimal competencies we should build into an educational program. Third, I would like to share with you a conceptual framework of what family or personal financial planning might look like as a whole.

FACTORS THAT INFLUENCE FAMILY FINANCE

First, let us consider selected factors that influence family and personal finance. I said earlier that one of the basic assumptions behind a comprehensive approach to financial planning education is that persons do not make dedisions in isolation. I believe there are many changes that have a profound impact on those decisions and that we as educators have not taken them seriously enough. I would like to mention about a dozen of them in outline form. You could add another dozen factors that have a similar impact. The important point is to recognize the implications of these influential factors on the content and methodologies appropriate for the classroom.

One of these changes is a growing sense of uneasiness and bewilderment concerning the future of our society. At the American Council of Life Insurance we engage in several studies of public attitudes, social changes, youth attitudes, etc. For a number of years we have noted the trend toward a greater feeling of unease and bewilderment concerning the future of our society. It was heightened by Watergate, by the energy crisis, by strikes, by the lack of ability of the average citizen and government to adequately forecast, or plan for the future. The concern grows out of the realization that we no longer live in a single cause and effect society. For example, the intervention of technology and some of the radical developments on the international scene have made it impossible for us to predict the future through a mere extension of past or current trends. Coupled with that awareness, is our reluctance to experiment with human lives, with living arrangements, with human values. While we believe that changes are needed if we are to gain or regain a sense of security about the future, we are unwilling to experiment with living arrangements on a national scale.

One of the most important aspects of this research reveals a basic paradox in our thinking. While the average American citizen is uneasy about the future of American society, when asked about their own future including their own financial future, they are quite optimistic. Have we as educators failed to help persons see that if the society goes down the tubes, if the economy fails, we are a part of it? One of the implications for educators is to reconcile these two views in a more realistic approach in planning one's family financial affairs.

Second. We know an increased feeling of loss of control over events that have shaped our lives. Factors that have a profound impact on who we are and what we do are out of our control. Studies have pointed up a rapid increase in this feeling of loss of control over national or international events or other matters such as energy, inflation, and government regulation. I recently saw a newscast about a woman who was standing on the uncompleted foundation of their home that had been stopped in mid-construction. She said, "I have lived most of my life believing that if I had the money I could do what I wanted to do. Now I am told because of the energy crunch, I cannot build my home."

About a year ago we sponsored a program at Princeton University on alternate careers for Ph.D's. The gist of the problem stated by the educators, was this: during the Kennedy years we called for an increase in a number of persons trained in the humanities. We geared up the educational institutions to produce them only to present them to a society that says we no longer need humanists.

About two years ago we held a conference of educators and business executives on the issue of freedom and control. The purpose was to examine how far we have come from the time when most of the problems confronting the citizens of a community could be dealt with in a town meeting. Today we are linked to the power structures around the world and there is a growing feeling of the loss of control over our lives. A recent issue of the Chronicle of Higher Education said the school system is one place where the loss of control is at the local level. Our research indicates that in the financial area of saving for the future, children's education and retirement, this loss is felt.

As a psychologist, I know when people feel a loss of control; there are two basic alternatives, psychologically speaking. First, we can become more passive, withdraw, or adopt an "I don't give a damn" attitude; or second, we may become hostile or belligerant. The implication for this trend for family financial education is that somehow we must build into the delivery system sufficient content and methodology

that brings about an awareness that there are some things in our lives that we can control to a greater degree and one of them is our finances. A systematic, value-based, planning approach to financial matters will help to generate that renewed confidence.

Third. There is a rapid increase in the tendency to look beyond ourselves for security. The responsibility for our future security is projected onto someone else, such as employers, city, community, union, government, or family. This, as you know, is a typical adolescent phenomenon. It may signal to us that our society is becoming more and more adolescent in its dealings with these important aspects of life. Already we have seen a shift in the feeling of responsibility for retirement, aspects of health care, etc., to some other organization, institution or persons. The implication for our work is to help persons recognize and accept a greater sense of responsibility to deal with these aspects of their lives.

Closely related to the above trend, is what we call the psychology of entitlement. Those things we once considered as desirable, long-term goals for which we worked have now become rights and privileges. Note current advertising, "You deserve it," "Have it your way," etc. Our research shows that this comes across very clearly in several areas of financial planning: one is in retirement. We once thought that we should work and save some money to help provide a good income in retirement. Today, increasingly, that income is deemed to be a right. In retirement planning and in other areas as well, educators have an important role to play in helping persons understand how much they can realistically expect from outside sources and how much of it they must provide for themselves.

Fourth. There is increased skepticism regarding institutions in our society. Almost every institution is under attack -- government, education, religious institutions and business. Their integrity is questioned. As I look at this I believe we have reversed the unwritten, psychological contract which citizens have always had with their institutions. A few years ago, that contract spelled out what we owed the institutions in our society -- the institutions that we worked with or related to. Today, we interpret it in terms of what the institution owes us. Once it was said that we must be moral and ethically sound in dealing with the institutions. Now the expectation is that institutions must always be morally right and sound but if we can get away with something in dealing with them, it is all right. I think much of this change has resulted from a lack of knowledge about institutions and our lack of contact with the leadership of business or social organizations. The implication of

this for our work in family financial planning is to maximize our opportunity to bring together the leaders of institutions with persons dealing with those institutions to learn together and to share their needs, expectations and frustrations. In this sense, teachers of financial planning have an unusual opportunity because they are not expected to be experts on all aspects of financial planning or financial institutions, but they can play that catalytic role between teacher and students and financial experts.

Fifth. There is a growing interest among business leaders and institutions in family stability or personal security and the issues which affect them. Once we expected certain institutions such as religious organizations to be concerned about the well-being of people. The continuing contribution of business organizations, such as our own to research and education in this field is being recognized. These organizations have demonstrated for many years, their basic concern for what is happening to people in our society. The life and health insurance business wants to share with you as educators the responsibility for helping persons cope with these practical areas of life.

The concern that brings us together today is the economic survival of families. It may be that the number one concern of our nation is inflation or energy, but the full implication of those larger problems may not have hit home for many individuals in your classroom. But most Americans today are up against it when dealing with their finances. Many barely make it from day-to-day. Others make it on a daily basis but are not planning for their future. The time is right for us to indicate our interest with a stronger response in helping them to cope more adequately and to plan ahead more wisely.

Sixth. There is an increased diversity of lifestyles open to persons at every stage of the life cycle. The nuclear family that was the norm is now a minority in our society. Separated, divorced, living together, single and reconstituted families have rapidly increased. For many of these families the economic problems seem different and the criteria by which they make decisions are different and the issues which they face may be different. This complicates the way we teach financial planning. The old guidelines that I alluded to earlier may not work in these areas. The critical decisions they face may differ. It calls for more than a stereotyped approach when dealing with taxes, insurance, housing, banking. credit, etc.

Seventh. There is in our society a growing emphasis on the individual versus the family as the basic social unit of our society. Already, mostly among the young, the family has given way to the individual as the basic social unit. I believe it

was Broffenbruner, who said, that every tribe or nation, has used the family as the basic social unit. He points out that this has changed in your lifetime and mine. Individual fulfillment, satisfaction and goals now supersede those held for the family. New data, however, shows that this trend has reached a plateau, but we do not know if this is a temporary or cyclical trend. It does have profound implications on how we teach family finances. If you do not have it, we will share with you our Youth Attitude Survey which indicates that although the adult population in our society still holds family happiness the number one goal, youth holds their own personal joy and fulfillment as the major goal. The implications are clear. In dealing with personal finances we have to take a broad perspective and show the interrelatedness or interdependence of the individual and the family, whatever its form. In financial terms, this means so much of what we do cannot be done in isolation.

Eighth. There is increasing pressure and attention focused on families at various stages of the life cycle with new needs, new enticements, pressures, standards and obligations. We are very familiar with this phenomenon and its impact on the competencies we select for our educational programs.

Ninth. There is a decline in the upward social mobility which influenced many attitudes and practices related to family finances. There is currently in our society, a modified work ethic. Once we worked to earn in order to have the money to live and to enjoy life away from our work. Today we work to find satisfaction and fulfillment, not just to make the money. We must address these horizontal objectives as well as the vertical objectives characteristic of the current student generation but also found in persons born in previous generations. When we talk to them about all the things they want, more of them are in the "here and now." In practice they may not be working primarily for a different or better future.

The Youth Attitude Survey I alluded to earlier indicates several paradoxes in this area. The life-style which young people think they will move into fifteen years from now demands careful attention to the financial aspects of their lives. The American success dream demands long-range goals, hard work and carefully planned finances. Yet their attitudes reflect little concern about working for money. How can they expect to achieve that life-style when they don't care about working for the fiscal resources necessary to move into that position? This is only

one of several interesting situations where educators can work with young people in dealing with the practical as well as perceptual problems they face.

All this leads us to a realization of the basic change in the complexity of family finances as well as the daily transactions that we must make. This complexity comes at a time when one in five persons are illiterate in this field and another 40 million people function only on a day-to-day basis. Can we ignore this important aspect of their lives when we know the real world is becoming more and more complex everyday? This leads me to the conclusion that some of the traditional approaches that we supported, namely, the smorgasbord content approach of teaching banking, credit, or budgeting may have to give way to a more comprehensive life-centered, personal- and family-centered approach incorporating a longer time frame.

COMPETENCIES FOR FAMILY FINANCE TEACHERS

Recognizing these disturbing social trends, and the increasing complexity of family finances, I think we have to say to the teachers that come to our classrooms to sharpen their skills, they should build into their family finance courses sufficient content and strategy that say at least five things to their students:

1. It is possible to reduce or decrease your uneasiness about the future and learn to cope more effectively in a complex society.
2. It is possible to gain more control over your financial destinies and a futuristic, goal oriented, value based, person-centered rather than economic-centered, time phased, planning approach will help you.
3. It is possible to become more self-reliant and to enjoy the emotional satisfaction that comes from greater financial independence.
4. It is possible to become more secure and proficient in handling your finances and here are some guidelines to follow.
5. It is possible to work with and to trust the private and public institutions related to our finances, but we must become better informed and more involved in those decisions affecting our financial lives.

Recently, a group of educators working with us said that if we want to embrace that educational philosophy and deal with current trends reflected in the background described above, our educational programs should reflect at least the following seven basic competencies.

Upon completion of a personal or family financial planning course, the student should be able to:

1. Analyze personal and family goals and priorities as they relate to financial planning.
2. Assess a variety of financial resources pertinent to personal and family goals throughout the life span.
3. Design the financial plan as a means of expressing values, attaining goals, and fulfilling established priorities.
4. Use the financial plan as a means of expressing values, attaining goals, and fulfilling established priorities.
5. Apply principles of effective buying, borrowing, investing, saving, sharing, and protecting in both immediate and long-term decisions.
6. Evaluate and change personal or family financial plans to meet changing social, economic and life-span conditions.
7. Function effectively in the producer role to provide an income base on which the personal or family financial plan is structured.

A CONCEPTUAL FRAMEWORK FOR FAMILY FINANCIAL PLANNING

Keeping these competencies in mind, I would like to share with you three conceptual places that we have used in workshops similar to this one.

The first sheet shows the traditional life cycle. I suggest that you use it only as a basis for discussion, pointing out that it reflects the traditional life-style from which your teachers and students are departing. As you move around the circles, students can see that needs and financial functions change. The external or situational forces impacting on their financial affairs also change as the family moves through life. It's most important to anticipate such changes.

The second sheet is a grid of twelve boxes. It is not a worksheet to be filled out but rather a conceptual framework for students and teachers to get their minds thinking about the complex interrelationships in obtaining, protecting and using financial resources.

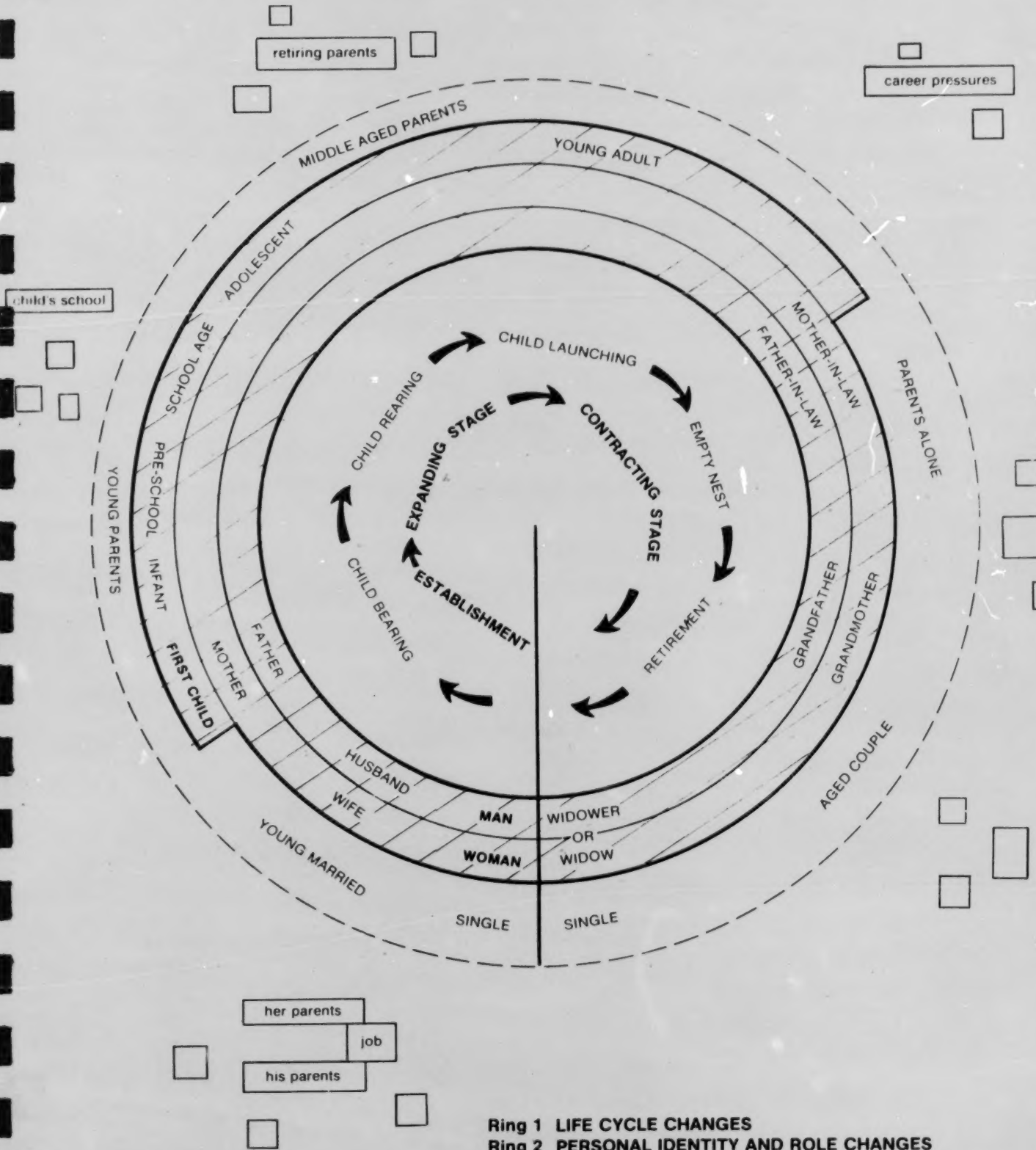
Effective personal financial planning must involve all of these aspects. The third sheet expands one functional area -- obtaining financial resources. For instance, the source from which you obtain financial resources will change from stage to stage of the life cycle. The risks that are attached to those sources at different stages vary widely. For example, life insurance would fit into the grid under protecting financial resources for "operations." Its primary purpose is not investment but protection of the family's resources for daily living.

In conclusion, many of these changes are taking place without our knowledge. If we are to be effective as teachers or students we have to consider these changes and be as creative and innovative as possible in both the content and strategies in our family finance education programs. It seems to me that if our prehistoric ancestors could adapt to the ice age and survive, we can learn to handle the complex changes that face us today. However, this cannot be done by ignoring the changes or by trying to explain them away, but by facing them forthrightly and providing the best we can offer to teachers and students who entrust their learning to us.

#######

APPENDIX L

Family Life Cycle



Ring 1 LIFE CYCLE CHANGES
Ring 2 PERSONAL IDENTITY AND ROLE CHANGES
Ring 3 FAMILY STRUCTURE CHANGES
Outside DOMINANT FAMILY AND ENVIRONMENTAL FORCES

American Council of Life Insurance, 1978

CONCEPTUAL FRAMEWORK FOR PLANNING FAMILY FINANCIAL RESOURCES

	OPERATIONS	SAVINGS OR RESERVES	FUTURE CAPITAL
ANALYSIS OF NEEDS			
OBTAINING			
PROTECTING			
USING			

American Council of Life Insurance, 1978

OBTAINING FINANCIAL RESOURCES THROUGH THE LIFE CYCLE

Stage of Family Life Cycle	Plans for Handling Major Financial Concerns	Primary and Secondary Sources of Income for Family "Operations"
Establishment		
Child-Bearing		
Child-Rearing		
Child-Launching		
Middle Years (Empty Nest)		
Retirement		
Single Partner		

American Council of Life Insurance, 1978

AT ISSUE: NATIONAL HEALTH INSURANCE

James F. Blazek, Vice-President of Industry Relations
Alexander Hamilton Life Insurance Company of America

I'd Like to begin by telling you a story - but nothing funny happened to me on the way to Northwood Institute. And there's nothing funny about the issue before us today, National Health Insurance. The issue continues to boil. The questions are difficult, controversial and the solutions are not easily conceived or adopted.

Clearly the cost of health care is too high, and it is going higher -- health costs are spiraling. There is a general maldistribution of physicians and medical facilities - the quality of treatment is uneven. And there is a growing inability of lower and middle income groups to afford medical care. And yet despite these shortcomings, and they're serious, the health care delivery system as it exists today in the United States is basically sound. What all of us together need to work for are the necessary reforms of the present system so that everyone, young and old, rich or poor, working or not, have access to the right care in the right place at a reasonable cost.

One of the prime purposes of education is to translate this interest or concern about health care into action and achievement by providing the necessary tools or the information needed for effective, informed action. There seems to be a general agreement on the goal that all Americans should have adequate health care at a cost they can afford.

The differences of opinion focus on the solution: should national health care eliminate the private sector of the health insurance business by establishing a new system operated by the federal government and financed completely through increased social security taxes and federal general revenues, or should the solution utilize the strengths of the private sector, and establish a system under written, administered and financed through

private insurers, with guidelines specified by government and tax dollars used only to pay for the cost of low income groups?

A plethora of legislation has been introduced in congress over the past several years, and events during the past month demonstrate clearly that national health insurance is and will continue to be one of the most urgent and controversial issues on the congresstional docket.

Cost of Health Care

The question of overall cost is one of the most urgent problems. In announcing his "principles" last month, President Carter stressed the link with the national economy and the administration's determination that a satisfactory national health plan must take into consideration the inflationary nature of the economy in general and of the health care system in particular.

The recommendation that the plan should involve "no additional federal spending until fiscal year 1983, because of tight fiscal constraints and the need for careful planning and implementation," and the scheduling of detailed recommendations for early 1979, sparked a split with Senator Kennedy, Chairman of the Senate Human Resources Health Subcommittee, who has promised repeatedly that serious consideration of legislation would occur this year.

The stretched out timetable is a measure of the complexity of the issue. In setting forth his principles, the President went beyond just national health insurance and recommended a "universal, comprehensive national health plan", as outlined in the following ten points:

> First: The plan should assure that all Americans have comprehensive health care coverage, including protection against catastrophic medical expenses.
>
> Second: The plan should make quality health care available to all Americans. It should seek to eliminate those aspects of the current health system that often cause the poor to receive substandard care.
>
> Third: The plan should assure that all Americans have freedom of choice in the selection of physicians, hospitals, and health delivery systems.

Fourth: The plan must support our efforts to control inflation in the economy by reducing unnecessary health care spending. The plan should include aggressive cost containment measures and should also strengthen competitive forces in the health care sector.

Fifth: The plan should be designed so that additional public and private expenditures for improved health benefits and coverage will be substantially offset by savings from greater efficiency in the health care system.

Sixth: The plan will involve no additional federal spending until FY 1983, because of tight fiscal constraints and the need for careful planning and implementation. There after, the plan should be phased in gradually. As the plan moves from phase to phase, consideration should be given to such factors as the economic and administrative experience under prior phases. The experience of other government programs, in which expenditures far exceeded initial projections, must not be repeated.

Seventh: The plan should be financed through multiple sources, including government funding and contributions from employers and employees. Careful consideration should be given to the other demands on government budgets, to the existing tax burdens on the American people; and to the ability of many consumers to share a moderate portion of the cost of their care.

Eighth: The plan should include a significant role for the private insurance industry, with appropriate government regulation.

Ninth: The plan should provide resources and develop payment methods to promote such major reforms in delivering health care services, as, substantially increasing the availability of ambulatory and preventive services, attracting personnel to underserved rural and urban areas, and encouraging the use of prepaid health plans.

Tenth: The plan should assure consumer representation throughout its operation.

In presenting the plan, Joseph Califano, Secretary of Health, Education and Welfare, said that he felt we are going at the right pace, but first a workable containment program must be enacted to get accelerating hospital costs under control.

Califano hit the "nail on the head." The biggest single component of health cost inflation is hospital costs, these costs represent 40% of all health care costs and last year they increased by more than 16%. Health

care continues to be the fastest growing item in the consumer price index. Total spending for health care reached over $139 billion in 1976, an increase of almost 14% in one year. In 1977, our nation spent over $163 billion for health care, almost twice the amount spent on national defense and a 17% increase over 1976. This figure translates to over 10% of family income. By 1980, some experts estimate that health care expenditures will reach $200 billion.

There are various reasons for this increase of expenditure. Some are positive such as the dramitic improvements in the quality and intensity of medical care, more and better trained medical personnel, and increases in the utilization of medical care.

Unfortunately, there's another side to this and it's less than positive. There are too many hospital beds, and too much duplication of expensive high-technology equipment, facilities, and services. Too often hospitals, doctors and patients tend to lack the incentive to make the most economical use of health care services. This is largely because third parties, private health insurers and government, pay such a high proportion of the nation's health care bill. They pay almost any bill presented to them to avoid complaints or investigations for abusive or unfair claims practices. The "usual and reasonable" fees keep going up, up, and up. As claim benefits mount, so do premiums, both those paid by individuals, and those paid by employers. Government sponsored plans, such as medicare and medicaid put pressures on federal and state budgets and taxes. There is no "free lunch". Also, doctors too often order extra tests and procedures practicing defensive medicine because of the need to protect themselves from malpractice suits. Malpractice insurance premiums are passed on to consumers in the form of increased fees and charges. It all adds up and the grand total is awesome.

The very heart of the health care problem is ever spiraling costs. And enactment of national health insurance, or a national health plan will not

cure the problem. In fact, without cost controls, a national health insurance program would be an inflationary disaster for America.

Clearly something must be done. The fact is, many things are being done. Some progress is being made, but much more action is needed. In recent years, the government has enacted several major measures of legislation to come to grips with the health cost inflation problem and to assure the quality of health care. But we need to do more than pass laws.

Citizen Responsibility

The greatest promise lies not with government but with the private sector, because it's the people who make the laws work. As educators, you have a crucial role in the formation of consumer attitudes toward proper use of health care services, toward health cost containment, and in the development of better personal health practices. We in the insurance business, in government, and in education must not only participate ourselves, but we must inform and encourage concerned groups - and these include employers, labor unions, private health insurers, hospital administrators, the medical professions, and consumers - to undertake or intensify participation in programs with real potential for slowing down and containing spiraling health costs.

These include:

. Programs to carefully review fees, charges, and the use of health services.

. Incentives to encourage preventive care to help keep people well, and to provide more services out-of-the-hospital where this is medically acceptable, and these services should be covered by insurance plans.

. Involvement in community health planning to bring health care needs and resources into a better balance.

. Experimenting with new ways of reimbursing hospitals.

. Encouraging alternatives to paying the doctor on a fee-for-service basis.

. Health education programs to motivate people to take better care of themselves.

Insurance companies should be encouraged to accelerate their work to expand their health benefit plans, to put more stress on out-of-hospital care, and to continue experimentation with:

. Payment for second or even third opinions for elective surgery.

. Payment for tests performed before going into a hospital.

. Payment for home care and skilled nursing care.

Health Care Facilities

Health providers and consumers should participate more intensively in the agencies and committees established by recent legislation. The National Health Planning and Resources Development Act of 1974 (P.L. 93-641) requires establishment of health service areas throughout the nation in which health systems agencies are responsible for health care planning, for community health care needs and the containment of health care costs.

This is a law with real potential for bringing about improved planning of needed health facilities and services.

But what's going to make this law work are the people who serve on the committees and councils of the health planning agencies created under this law -- businessmen, labor officials, doctors, lawyers, health insurance people, educators, and consumer representatives.

Another important peice of legislation is designed to make more out-patient care available.

The Health Maintenance Organization Act of 1973 (P.L. 93-222) provides federal grants, contracts and loan guarantees for the planning, development and initial operating costs of HMO's to encourage less costly ambulatory health care outside the hospital, including preventive, diagnostic, therapeutic and rehabilitative services. The Health Maintenance Organization Amendments of 1976 (P.L. 94-460) were enacted to make the law more workable.

HMO's, as many of you know, provide walk-in, walk-out care for a fixed

fee paid in advance. In Detroit, the Metro Health Plan, and Metropolitan Hospital are examples of an HMO. Because they put great stress on keeping well, or nipping illness in the bud, HMO's have real promise for improving the level of care - and cutting costs.

But these HMO's are not going to be available merely because government waves a magic wand.

They're going to expand because many private groups - employers, community groups, health insurers, among others - are going to continue to develop and finance these outpatient care centers.

Still another law, The Social Security Amendments of 1972 (P.L. 92-603) requires establishment of professional standards review organizations (PSRO's) throughout the nation, in which practicing physicians assume responsibility for reviewing the propriety and quality of health care services provided under medicare and medicaid.

Who makes up the medical review groups? Not bureaucrates- but doctors. It's the medical profession that has - and must have - the responsibility for judging medical treatment... and the obligation to make this law work the way it's supposed to.

But the medical groups need encouragement. According to the Michigan Department of Public Health, PSRO's are fully operative in only two out of eight Michigan regions.

What more needs to be done?

Future Trends

Recently, the health insurance companies in America undertook an extensive examination of projected health care requirements during the coming decade. Based on this study, the business has adopted a program aimed at creating a much improved health care system. It's called "A Program for Better Health Care in the 1980's", and it includes recommendations for actions that can be

taken now that will ensure a health, cost-effective health care system for all Americans.

One of the recommendations, something advocated for several years, is that all states enact prospective budget review programs requiring hospitals to justify their budgets in advance on an annual basis.

This is done by the state setting up a review commission with the legal authority to review hospital budgets and determine what the proper costs and charges should be. Increases in hospital income have to be justified.

The responsibility for hospital efficiency under this program lies with hospital administrators, trustees, and the medical staff.

In a number of states, budget review programs are already in operation. Three of the best programs are in Connecticut, Maryland, and Massachusetts. Consumers in these states already have been saved hundreds of millions of dollars. That's money the people in these states did not have to spend on hospital care.

If all states enacted budget review programs similar to these, the American consumer could save well over $1 billion annually.

In 1977, the Michigan legislature enacted a new public health code, a 189 page document. Under this code a public health advisory council is authorized to "study issues, problems and programs," and to "make recommendations as to the activities of all advisory committees, councils, boards, task forces and commissions created in the Department of Public Health." The work of the council should lead to improvement in Michigan health care, and cost containment. Michigan citizens must be encouraged to participate on the various boards and councils set up under the public health code.

Here are some of the additional steps that need to be taken:

. Any new health facility equipment or major service should be certified as to actual need. This is the way to eliminate excess hospital beds and the wasteful use of services. The Michigan Health Code provides for both certification and decertification.

. All patients, not just those under the government programs of medicare and medicaid, should have medical review of services rendered to them. We all want to be sure that the hospital charge, the doctor's fee and the type of service we're getting is what it should be. If cost containment measures are applied only to medicare and medicaid patients, the loophole is open for hospitals to shift charges to non-medicare-medicaid patients, with little or no overall effect on cost containment.

. Every encouragement and stimulus must be given to alternatives to costly hospital care. We need more HMO's and other types of out-patient care facilities and arrangements.

. Reforms need to be carried out to create a more balanced supply of health professionls, more family doctors, for example, and to encourage their service in areas short of even the most basic medical services. Also, trained medical assistants ought to be providing more of the routine services

The Health Professions Educational Assistance Act of 1976 (P.L. 94-484), a comprehensive health manpower training law, requires medical school students who receive federal scholarship aid to serve a specified period in rural and inner-city areas. Medical schools with teaching hospitals must provide for a greater proportion of medical residencies in primary medicine.

This is certainly a step in the right direction. But the young medical student and doctor have to make that choice. Again, individual responsibility is the determining factor.

. Patterns of inpatient surgery should be changed, so that certain minor surgical procedures are performed in outpatient clinics or free standing surgery centers instead in in the hospital.

. Preventive care and health education of the public must be given a much higher priority by the health professions, by health insurers, employers, educators and community groups. People must be motivated to adopt more healthful lifestyles, to use health care services more appropriately, and to follow medical instructions.

We are more and more coming to realize that our country cannot simply spend its way to better health. Medical care cannot always overcome the effects of what people do to themselves; the smoking, the over-drinking, drug abuse, the needless accidents, the failure to take even the simplest precautions against illness or injury. We need more basic education about good health, and good health care.

The National Consumer Health Information and Health Promotion Act of 1976 (P.L. 94-317), sets national goals for health education and promotion, including a systematic strategy for their achievement. The incorporation of health education components into all aspects of society is stressed. But individual responsibility is going to make the difference. Good health practices are meaningless unless they're practiced.

Again, government can provide guidelines, but it's the private sector that is going to make the impact, helping people to help themselves to better health and to use the health system intelligently. As educators, we have an enormous task but one that can really bear fruit.

During the month of October, 1977, the U.S. Department of Health, Education and Welfare conducted an extensive outreach effort to solicit the public's views and recommendations on national health insurance.

Consumer's Viewpoints on National Health Insurance

The following excerpts from HEW's National Health Insurance: National Outreach Report seem to summarize how people feel about national health insurance:

"Access to quality health care, improved efficiency and effectiveness of health services, and skyrocketing medical costs are the public's major concerns. Much of the testimony suggested that the American public believes some form of national health insurance is inevitable and perhaps necessary in our industrialized society, it is an issue whose time has come."

"The NHI program should: (1) Build on the strengths of the existing system; (2) reflect the lessons learned in other countries having "mature" health insurance programs; (3) develop approaches for coping with the current and anticipated cost pressures; and (4) stress preventive care and health education efforts. Most agreed that a phased, orderly process of implementing any NHI plan was important and necessary."

"The major points of public discussion dealt with benefits and coverage, cost, financing, administration, and support for health education and prevention initiatives:"

. BENEFITS

"In discussion of benefits and coverage, the most significant message was for endorsement of a comprehensive benefits package. However, there was no agreement on what benefits were truly comprehensive."

. "Cost sharing was a hotly debated issue; however there was a clear indication that it was favored. Proponents of cost sharing cited the need to supress overutilization and possible fraud as well as induce cost consciousness on the part of the public."

. FINANCING

"There was a clear consensus that there should be a mixture of public and private financing. The financing sentiment reflected maximum utilization of private resources where possible, except for those individuals without health insurance who should be covered through the use of public funds."

. REIMBURSEMENT

"As expected there was strong support for a fee-for-service payment mechanism from providers. However, the consumers generally opted for those alternate forms of reimbursement which represent greater cost control potential for the insurance program and the patients. Consumers strongly supported the concept of rate setting and adherence to these rates by physicians. Conversely, the practicing physicians generally supported the right to charge in excess of the allowable charge."

"Most of the testimony reflected on this issue dealt with the problems of escalating health costs and how to contain them. There was concern on the parts of both providers and consumers that health costs were inflating beyond the means of the present day economy, and there was a definite fear exhibited that NHI may contribute to further escalation. With this cautious attitude prevailing, a majority of the witnesses stated that there must be some cost containment mechanism in place prior to development of any NHI program."

"In the area of hospital reimbursement there was a consensus that everyone support some type of prospective rate setting or budgetary system that would allow for predictable institutional financial operations."

. REFORM OF THE DELIVERY SYSTEM

"Generally testimony reflected that the public believes the present health delivery system can be substantially improved with more emphasis on prevention, health manpower and primary care. One theme that continuously echoed across the nation was the call for preventive health care under NHI. Over and over again the most important message seemed to be to change the focus of our system's efforts from one of curing the sick to one of maintaining health. Mountains of testimony revealed arguments for improved health education, better living habits and good nutritional practices."

"There was strong support for primary care and the further expansion of this type of care to inner city and rural areas. In addition the increased use of medical paraprofessionals was universally seen as part of the solution to our health manpower problems. Most of the comments regarding PSRO's supported their effectiveness and called for an expanded scope of coverage. Demands were made for consumer representation on the PSRO boards to assist in monitoring health standards."

. ADMINISTRATION

"The majority of the testimony reflected that the nation supported a NHI program that would be jointly administered by the public and private sectors. The federal government's role was viewed primarily as developing and enforcing regulations regarding entitlement, coverage, utilization, and fraud."

"Most witnesses argued that the private sector is best suited to handle claims processing and related functions, including utilization review and quality control. The roles for state and local governments were seen by many as assisting in provider certification, rate regulation, health planning, utilization monitoring and cost containment."

The stage seems to be set. But the script has not yet been written. The goals seem clear, National Health Insurance should create a mechanism so that all Americans rich or poor, young or old, healthy or sick, working or not can be protected.

The debate centers around the question of how, and who should pay for a national program. Who should run it. And a timetable for implementation.

Should government pay for national health insurance through taxes and administer the entire program?

Or should it be a partnership of the private sector and government?

The answer to this question will bring us to the moment of truth as far as the issue of public-private responsibility in the health field is concerned.

One fact seems clear.

If all Americans are to have access to quality and affordable healthcare, then each of us - you and I - must assume a larger share of our health risks and take on a greater share of responsibility for making our healthcare system work.

And here's the reason.

Getting and paying for the kind of first-class healthcare we need and want just can't be guaranteed by government.

What will make any healthcare program really work whether private, public, or a combination of both, is the common sense, good judgment and involvement of concerned citizens.

Additional Resources

Financing of Health Care: Private or Public. Health Insurance Institute, 277 Park Ave., New York, New York 10017.

National Health Insurance: How Should It Be Financed? How Should It Be Administered? Health Insurance Institute, 277 Park Ave., New York, New York 10017.

MICHIGAN'S COMMITMENT IN CONSUMER ECONOMICS AND ECONOMICS EDUCATION

Barbara A. DuMouchelle, Member State Board of Education

I'm very pleased to be with you at this inter-university workshop on Consumer Economic Education, to welcome you on behalf of the State Board of Education, and to bring you a progress report on our efforts to be sure that Michigan students have the basic economic and consumer skills they need to survive in today's incredibly complex world.

That's really what consumer economics education is all about -- survival skills. We no longer live in a world where goods and services can be bartered the way children trade marbles. Today's high-technology, high-intensity world market place demands that our young people be taught about checkbooks and contracts, budgets and buying power, interest rates and tax audits -- just as we have always taught them reading, math, social studies and the other basic skills that a successful adult needs.

I am particularly convinced that our young people need to be given a realistic introduction to our tax system and what it pays for. Far too often, it seems to me, many of our young people simply do not understand what their parents must pay to provide the community with public services. Their first experience with the world of deductions and credits, penalties and payments, comes with the first paycheck of the first summer job. We need to prepare them before that, and consumer economic education is logical tool to provide that training.

At the same time, a major goal of consumer economics education should be to teach our young people their responsibilities as consumers as well as their rights. Michigan is a leading industrial and agricultural state. We have seven international ports and our products are sold around the globe. The understanding of business relationships, practices, and needs our youngsters

receive through consumer economics education will help them enhance Michigan's progressive reputation as they become the leaders of the next generation.

The need for practical training in the business of life was driven home to me recently when I heard about a young graduate student in marketing whose consumer skills could have used come sharpening. Our young management trainee was having his second interview with Anheuser Busch, the brewery giant and was being given the full treatment - including lunch.

With high hopes for his future with the firm, he decided to celebrate his good fortune - and ordered a Lowenbrau! Well, the interview sank faster than the foam in his glass and he must have been puzzled when they packed him aboard the plane.

And, as we heard in the presentation this morning, making sure the future doesn't fall flat for our children is going to require teamwork, skill knowledge, and commitment from our teachers.

As a former teacher, as a parent, and as a member of the State Board of Education, I'm proud to say that Michigan recognized this need early and is continuing to move ahead in several efforts to make consumer economics education an important partner in the school program.

It is very appropriate that our conference today, funded by a grant from the American Council of Life Insurance, has been coordinated by Rosella Bannister, Director of the Michigan Consumer Education Center at Eastern Michigan University. In 1973, the State Board awarded a grant to Eastern Michigan to establish the center which has worked with us and with local school districts to develop consumer economics education programs and teaching materials.

Since that time the center has written and distributed an impressive array of booklets, brochures, and training kits and served as a clearinghouse for filmstrips, cassettes and other audio-visual tools for teaching consumer rights, buying skills, basic economics and money management. It also sponsors annual workshops for teachers.

A 1974 state law required Michigan's State Board of Education to develop and make available to school districts a curriculum guide and recommended materials for teaching consumer economics. Mrs. Bannister and a group of other educators, consumer experts, financial and business executives and local school personnel have worked long and hard on the draft Guidelines and we now anticipate that the State Board will be asked to approve a public comment period for the Guidelines late this fall. We hope to have the final Guidelines approved and in teacher's hands by next spring. Dr. Myrtle Beinhauer of Olivet Colleges Economic Education Center played an important part in developing the Guidelines.

The Guidelines themselves will give new emphasis to consumer education efforts which have been tested in Michigan schools for some time. With the assistance of the Consumer Education Center and the State Board's own Consumer-Home Economics Education Unit, pilot schools in Farmington, Martin, Detroit, Houghton, and Ypsilanti have experimented with innovative teaching methods to instruct their students in the mysteries of paychecks, bank services, credit cards, evaluating advertising, health and legal needs and things to look for in purchasing everything from homes to foodstuffs. The methods differed from one district to another. In Farmington teachers traded ideas once a month, in Martin, students received a "salary" and made money decisions throughout the course. But in each case the aim was the same -- to give Michigan's young adults decision-making experience, and the information they need to make them wisely.

A number of other educational institutions around the state have been partners with us in making Michigan a national leader in consumer economics education. The Flint schools, supported with a federal grant through the State Board of Education, have hosted training sessions for high school teachers and developed classroom materials. Wayne State University worked with the State Board's Consumer Education Unit and the teachers and principals in

Pontiac, Clarkston, and Romeo to develop and test teaching materials which were then made available to all of our public schools. Several schools have set up consumer education sessions for adults.

In addition, for the past six years, the State Board has used federal funds to launch consumer economics programs in areas of Michigan with high unemployment in order to give our citizens a fighting chance to maintain their quality of life in the face of rising prices and a skittish economy. Schools in Albion, Baldwin, Boyne City, Escanaba, Detroit, Jackson and several other communities are cooperating with us in this effort to boost the skills of our economically disadvantaged students, those who have handicaps or those with learning problems.

Just as our existing programs in consumer economics education are tailored to help a wide range of our citizens, Michigan's teachers have shown real teamwork in getting this material into the classrooms. Home economics, math, business education, reading, social studies and other teachers have all pitched in to improve our students consumer batting average. When they are approved, the Consumer Economics Education Guidelines will give other schools the tools to put their kids on the scoreboard. The revised social studies objectives we will be working on will include consumer economic material for elementary students.

The teamwork approach we have taken to consumer economics, involving the State Board, educational institutions, local school districts and the community, is an important feature of our efforts in other areas.

Later in this conference, Sharif Shakrani of our Department of Education staff will brief you on our life role competencies program, which includes consumer economics. You will also hear from Robert Alexander of the National Association of State Boards of Education who will tell you how Michigan's efforts compare to other states.

We think our leadership is clear. 36

Why all the interest? A number of factors are involved. The world is changing rapidly and traditional methods of teaching traditional school skills will no longer do the job of preparing our youngsters for adulthood. We have to find new ways of teaching basic skills and we have to put new emphasis on basic skills which meet the demands of today's world. Our parents have every right to demand that we do this. And our students deserve no less from us.

Consumer economics education is not a frill, it is an essential skill I'm confident that the consumer economics education programs here in Michigan will set a standard of excellence for other parts of the nation.

But the real satisfaction for me will come in knowing that, because of our commitment and cooperation, Michigan's young people will be able to face a cash register total, a checkbook balance, or a contract clause with confidence.

CONSUMER ECONOMICS: SOME NEW DIMENSIONS

Lucy Black Creighton, Author and Professor of Economics,
University of Denver

Your workshop agenda, as I understand it, is specifically consumer finance, but, more generally, your workshop has to do with developing common interests and continuing discussion among those of you who deal with some aspect of consumer economics in Michigan's teacher training institutions.

And toward this end what I would like to do in the time we have together this afternoon is to suggest to you some dimensions of consumer economics that I think are especially interesting and thought-provoking. It is my hope that these will raise questions and ideas in your minds and that perhaps some of these concerns might be the basis for future discussion as you continue to try to work out the most rewarding ways of teaching consumer economics.

First of all, let me say something about what I think consumers' education is. Consumers' education has to do with helping people, whether they be students in our public schools or citizens in our communities, to understand how the spending of their money and the use of their time contribute to their sense of well-being. This sense of well-being has to come to people both as consumers who must buy food, housing, credit, transportation and so on, and it has to come to people as <u>human beings</u> who in a society dominated by buying and selling strive to lead full and satisfying lives.

It seems to me that consumers' education has to deal with three important areas of peoples' lives. First it does have to deal with the mechanics of buymanship, which is really how to get the most for your money. It also has to deal with the more philosophical questions of what are the elements of a satisfying life. And finally it has to help consumers to figure out some ways to make society <u>responsive</u> to consumer-initiated change. And we all know

that these issues have taken on new significance as the complexity of our lives leads to frustration and alienation, as inflation has eaten away at the real value of our incomes, and as questions about the environment and economic growth focus on the need to make some collective or community-wide decisions about what we should and should not produce and buy.

Now let me very briefly say something about Pretenders to the Throne* which was published some two years ago. What I was trying to do there was to show that the conventional microeconomic theory of competitive markets and maximizing consumers (whose tasts were already determined by some process not to be analyzed or questioned) is not a very fruitful theory for consumer-oriented economics or education. However useful such a theory is for economic models, it is not very useful as a basis for discussing the kinds of problems consumers face. It has lead directly to getting more goods and services as the principal focus of consumer learning and satisfaction and I think we all know how limited and unappealing this approach is and how difficult it is to teach.

What the theory does is to assume, as given, the very things that are of most concern to consumers: How to decide what goods and services will contribute the most to a satisfying life. How to go about buying, when goods are complex rather than standard and when markets are anything but competitive in the economic sense. Through the years consumer economics or education, whichever you prefer to call it, has not focused on these issues, but has focused on helping consumers increase their buying power through more information to consumers and through more competitive markets. And I think these have been dead end streets for enhancing consumer satisfaction.

My purpose in Pretenders to the Throne was not to criticize consumer economics, but rather to try to make a case for exploring some new areas of

*Lexington Books, 1976.

consumer concern. As I said in the preface to my book, I hoped my work would suggest to others some new understanding of the relationships between consumers and the goods and services they work so hard to be able to afford.

New approaches to consumer economics are necessary because there are many indications that the higher real income levels of the past 20 years are not bringing increased consumer satisfaction. Consumer buying power has nearly doubled since the mid 1950's and consumers/people seem less satisfied than ever. It's as if the carrot gets farther and farther away. Gerhard Scherf, in fact, maintains that urging everyone to practice better buymanship is like urging everyone to stand on their tiptoes to see a race. Scherf argues that we may be able to increase what he calls "life satisfaction" more through "goal orientation" rather than "means orientation." Whether we accept Scherf's point or not, I am convinced that we need to try some new approaches to consumer economics to deal with these kinds of problems.

Having said all that, let me indicate three dimensions of consumer economics that seem to me to be worth study and thought, and, speaking to a group of teachers, worth pondering with your students and colleagues. I don't have a clear understanding of these dimensions. I'm not sure anyone does. If we did have a really clear picture of what it was about, we'd be able to do more teaching and have fewer concerns about what and how to teach. I don't have the whole picture of what consumer economics whould be, but I am convinced issues such as the following are important to consumers' lives and worthy of study.

First on my list of dimensions that consumer related courses need to talk about is <u>money</u>. We need to talk about money not just in the sense of budgeting and credit, but as a very real part of our lives. Now that sex is out of the closet as a topic of conversation, money has taken its place. I venture to

say most families are more at ease explaining where a baby comes from than they are explaining where their income comes from and how much it is. Yet money is the stuff of which our lives are made. What we do and who we are, depends in large measure on how much money we have and how we spend it.

Students of consumer economics should be encouraged to talk about money and how it has come to have such a large role in our society. They should be encouraged to examine the effect on our lives of relating to the world around us through money and the market rather than through personal relationships. We buy nearly everything we have or do - recreation, childcare, looks. What does this mean to us and to our attitudes about spending?

And given the very great influence of television in modern American society how does all the advertising affect us and our attitude about money? What does it do to us as consumers that so many times during every hour we're looking at television we are urged to buy and buy and buy?

We also need to look at what differences in money incomes do to people as consumers. Burkhard Strumpel has pointed out that in America we accept different levels of pay for different jobs, like the fact that the president of a company makes more than the secretary. But, says Strumpel, we all aspire to a single- and high-consumption standard. Nothing in our advertising indicates, for example, that not everyone can afford the good life that comes with Pepsi. Particularly with so-called "target groups", the problem is not enough income to match expectations generated by the values prevalent in our mass communication society. Low income target groups need consumer education about how to buy an identity on a small income, as well as how to get the most goods and services out of that small income. I was interested to see listed in your Consumer Economics Education Guidlines a book titled, Living Poor with Style.

I think some questions which might come up about money that would be useful in your class are as follows:

- What is the role of money in peoples' lives? What should it be? Why are the answers to these two questions not the same?
- How can people separate the cost of something from the value of something?
- What is the relation of money to us as "human beings"?
- Why is it that parents are reluctant to discuss money with their children?
- What are some of the ways of discussing money that will help children to put it in perspective?

A second dimension of consumer economics that I think is worthy of discussion has to do with consumer understanding of the complex world of goods and services they buy. That world is complex in terms of the goods and services themselves and it is complex in terms of the way in which those goods are distributed and sold. Much consumer frustration, I am convinced, comes from dealing with this complexity. Whether it's a new washing machine with all the time, temperature, and cycle features, or a new stereo, or a new bank account with its various features, people don't seem to realize that what they've bought is very complicated. People don't seem to realize that they've made a trade-off between the simple, easy to understand, and easy to fix product and the newer, better model that has many more features but is a lot more complicated to use and expensive to repair. The car that has to go back to the shop time and time again, the food additives, the computer system that is impervious to your phone calls or letters - all of these are examples of this complexity.

People need to try to figure out better ways of dealing with complexity. Just getting more information isn't going to help, of course. One response to the problem has been more regulation in the name of consumer protection. But I think, in many cases, this regulation creates a worse system that the one it

is supposed to cure. Consumers need to understand the consequences of their choices so they can convey information about their choices to producers with the least constraints on producers' incentives. Just knowing the chain of production and distribution would be helpful to peoples' understanding of how many different levels of bureaucracy information might have to go through to be processed. I wonder, for example, how many people know what's behind the "Distributed by Topco Associates, Skokie, Illinois", label of a bottle of catsup?

A third dimension we need to explore in consumer economics has to do with what I call the social impact of private decision-making. Examples: the private decision to drive a car has a social impact in pollution, or on a crowded highway. The private decision to build a home in the suburbs has a social impact in reducing the amount of open area around a city and using up valuable agricultural land. The private decision to have air conditioning has a social impact in creating the need for increased electrical generating capacity in the face of energy shortages.

Consumers can't go on working on the assumption that it's okay to buy anything so long as you can pay for it. We're going to have to adopt some limits to choice. And if we don't want them imposed from above, consumers are going to have to begin to develop some understanding of what the limits are or should be. I think these are real problems and one that students and student teachers will be interested in.

In a fascinating book published in 1976 called Social Limits to Growth, Fred Hirsch analyzes the effect on consumer lives of these social impacts and how they prevent increased growth in the economy from bringing increased satisfaction. In social accounting we have assumed that (with certain exceptions like housewives' services, pollution, and so on) increases in Gross National Product mean increases in well-being. But Hirsch argues that this may not

be the case. For example, the more people who move to the suburbs, the more the suburb is like the city and the less it's like the suburb and therefore less satisfying. GNP has increased through home-building and the new streets and other city services, but the uncrowded urban life people thought they were buying is not what in fact they did buy. And what people do is to work harder to get more income to move further out from the city. Again the carrot keeps moving farther away, with understandably high levels of frustration. I used Hirsch's book in an upper level consumer economics class last winter and students found it provocative and discussable. I recommend it highly.

Let me conclude these remarks, which I hope you will be willing to comment on and ask questions about, by saying that I don't think any one course can be designed that will do all of consumer economics. One of the criticisms that has been made of my own work is that I'm quick to say what's wrong with consumer education, but that I haven't suggested any alternatives. I have, however, thought a great deal about what we might call an "ideal" course that would cover it all and the more I think about it the less inclined I am to believe anyone can come up with one.

Your Michigan law which required that guidelines be developed in consumer economics education defines it as "the preparation of individuals in the skills, concepts and understandings required for everyday living so they are equipped to make decisions resulting in efficient use of and satisfaction from their economic resources". That's a large order, because nearly the whole of our lives is economic. We can't come up with any single course that says, "Take this course and you'll know how best to live your life." "Living your life" is what consumer education is about in a time when buying decisions are such a pervasive part of our lives. And no one course can do that. I think we have to settle for parts of consumer economics and realize

that one good unit is better than a smattering of the whole. In one course we can't do credit, insurance, housing, investment, et cetera, et cetera, et cetera and values. Mainly we need to keep our eye on the main goal which is help people figure out how to live a more satisfying life when that life is largely determined by economic factors.

And I do believe that a recognition on the part of all teachers that the whole human being is intimately related to the production and distribution system that we call our economy will go a long way toward helping people to understand themselves and their roles as consumers in society. Somehow we need to help people put together the consumer part of our lives and the real part of us. More and more they are the same. Understanding this is important for all of us.

The challenge to you as teachers will be to develop the readings, the discussion topics, and your own background information, so that you can explore some different dimensions in consumer economics. These dimensions may be ones I've mentioned, but, more likely, they will be those you develop yourself. Consumer economics is worth-while, we know, but I argue that it does need some new approaches. I hope you will agree and that you will try some. It won't be easy, but I hope you will agree that it's worth the effort.

USE OF ROLE PLAYING AND GAMES IN TEACHING CONSUMER ECONOMICS

Max O. McKitrick, Professor, Western Michigan University
Roger Niemeyer, Professor, Michigan State University

This session of the conference was shared on an informal basis and will be summarized below.

Guidelines for role playing presented by Roger Niemeyer

Three members of the conference role palyed the situation of two teachers and a principal discussing the advantages and disadvantages of permitting the sale of profitable junk food in the school store. After the drama, the following points were discussed by Niemeyer.

Role play is a teaching method that will greatly enhance your endeavors to develop the important affective domain in instruction. Role playing is a dramatic technique in which people attempt to portray a situation by putting themselves in the role of the participants of the situation. The purpose of role playing is to develop a fuller understanding of one's self, or one's associates, of a group, or a circumstance.

Simple guidelines for role play situations are:

1. Keep it simple.
2. Select an open ended problem or situation.
3. Limit use of props.
4. Briefly set the scene for viewers.
5. Provide viewers with a guide for viewing. It is good to seek written reactions for involvement.
6. Have role guides for actors.
7. Use name tags for characters.
8. Don't select the class "bad" boy to play the role of a bad boy.
9. Clearly state when the role playing starts and stops.
10. Take characters out of their roles when the activity is over.
11. Seek how the actors felt.
12. Seek what viewers saw and how they felt.

For additional information check the works of Fanny Shaftel, Stanford University, and Ron Lippett, University of Michigan.

The entire group participated in the game, Consumer Redress published by Changing Times Education Service. This session was directed by Max McKitrick and summarized with the following points.

1. Games and simulations can be one effective tool for teaching but they are not the only way to stimulate motivation in consumer education.

2. More mature students may feel threatened with game playing because it is quite a different technique from traditional teaching methods.

3. Failure to get the objectives of the games to the parents, students, administrators, and fellow teachers, can cause confusion as to the merit of the game. Be sure school personnel know that it well be a relatively noisy session. Many of the games suggested by the Joint Council on Economic Education are good for classroom use.

4. Be sure to prepare adequately for the game. It is essential that you play the game ahead of time or at least walk through the game. At some point in the game playing you will have to make some decision about the rules or the whole process will break down.

5. Games tend to be time consuming and it is often difficult to fit games into a classroom session.

6. Students tend to emphasize the winning aspect of the game and not the learning to be gained.

7. Allow time for a debriefing session. This session should include a discussion of the feelings of the students, their learnings in relation to the original objectives, and how they see this game in relation to the real world situation.

8. It is difficult to evaluate the learning that takes place when you use games, however, pre and posttest evaluations have been effective and indicated that games have been a successful tool for promoting learning.

Additional Resources

A Summary of Research Studies Related to Simulation Gaming, Educational Games and Simulation in Economics, Darrel R. Lewis, Donald Wentworth, Robert Reinko, and William E. Becker, Jr. 1974. pg 45.

Using Cases and Games to Motivate Basic Business and Consumer Education Students. Max O. McKitrick, Business Education World, Nov-Dec 1975.
Games Teachers Play: Two Perspectives. Social Education, April 1977.

Simulations In Consumer Economics Classrooms. Grace Kachaturoff. Teaching module available from the Michigan Consumer Education Center, Eastern Michigan University, Ypsilanti, Michigan. 48197. $1.50.

MICHIGAN CONSUMER ECONOMICS EDUCATION: A VIEW FROM THE OUTSIDE

Robert J. Alexander, Consumer Education Project Director
National Association of State Boards of Education

There are two things, I would like to talk to you about this evening. First, I would like to react to this morning's session concerning what this group could do regarding teacher certification. I was concerned about what I heard so I would like to editorialize for a few minutes about teacher certification. Second, I will talk about where I would like to see the "state of the art" of consumer education in Michigan and other states by the year 1990.

To begin, I was disturbed about the teacher certification discussion because I heard implied support for certifing people as consumer educational teachers, and that suggests secondary teachers only. The mandate from the State Department is K through 12. I don't think that certification of consumer education teachers at only the secondary level is appropriate. It doesn't fit the scheme. If the universities are going to be responsive to the needs of the public schools, then, the universities are going to have to gear their programs for preparing teachers kindergarten through senior high. As trainers of teachers, you're in the business of preparing those teachers, so you're going to have to broaden your horizons beyond the secondary classroom. You're going to have to think about the elementary teachers and I never heard word one about what you were going to do with elementary teachers.

Secondly, the mandate clearly states that all students are going to meet the 49 terminal objectives of the Michigan Consumer Education guidelines. You're not going to sufficiently prepare teachers if what

you do is train a cadre of teachers whose sole responsibility would be consumer education, because there will not be a mandate for another course for high school kids. A few years ago, mandating courses was a general trend, but today, requiring additional courses rarely happens. School districts just have too much to worry about. The whole competency basic skills movement is such an overwhelming issue in schools there is simply no way you can add another course. And you heard Lucy Creighton say today, that mandated courses are an inappropriate mode anyway. I believe, by the way, that consumer education courses are appropriate. And I really believe that as a cap-stone, or some kind of synthesizing effort, that courses are fine. However, when I think about consumer education, I'm not thinking about the mechanics of buymanship as much as I think about consumer attitudes and values. Further, students need some sense of what it's like to operate successfully in a private enterprise economy. Students cannot develop attitudes about or understanding of a complex economy in a one semester course in high school, so certifying teachers to teach secondary consumer education courses isn't going to be sufficient.

Integrated Consumer Education

Your task is to figure out how to train the teachers who are going to have the kids, all of the kids. They're the math teachers, the science teachers, the social studies teachers. How do you prepare the language arts teachers? What's going to happen out there in the social studies, the home economics, the business education, the fifth grade classes? How do you prepare those teachers? I would suggest that maybe rather than certifying teachers, that the state department ought to

consider certifying teacher education programs. The programs ought to be required to provide evidence that they're preparing teachers to teach infused or integrated consumer education.

How do universities prepare all teachers? It happens in the existing required certification courses. You don't add a course to the curriculum at the college level. Your college students have as many problems as the high school kids fitting something else in. So you must infuse "how to infuse" into the school and society, the Educational Psychology, the teaching methods, and student teaching courses. You have to do for the students what you expect them to do as teachers.

In our schools, the trend is clear. The approach that educators are supporting is providing students an education that is integrated. Look at career education, for example, that's integrated. In Consumer education certainly the big trend in the United States is towards integrated instruction. The supporters of energy education and global education would like to have them integrated as well. Educators are getting away from setting up a course. And what we have to do in the universities is to prepare teachers to infuse the principles of these disciplines into their own discipline.

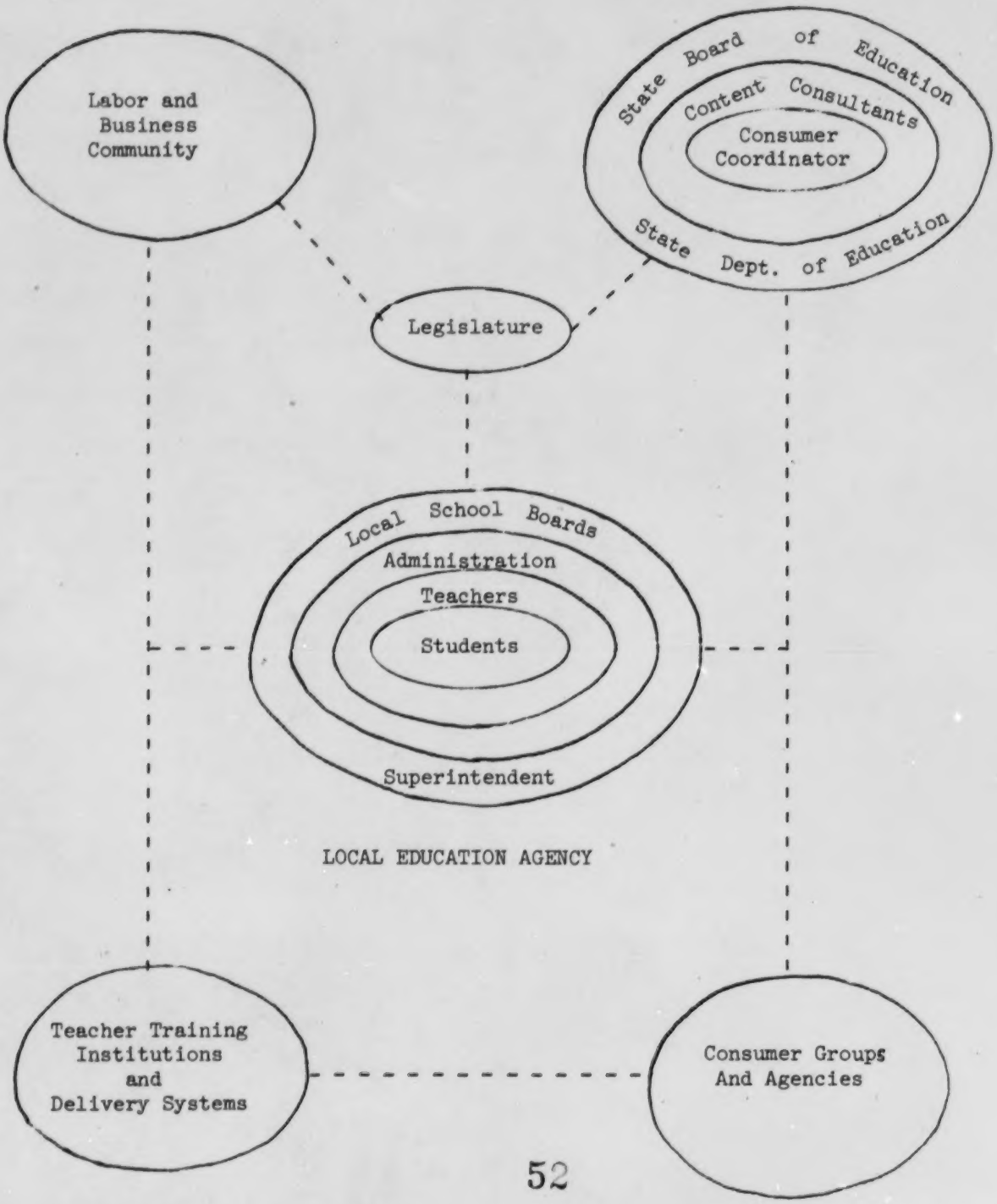
How do you tie these disciplines together? You could do it in a teaching methods course. We saw a good example today of how somebody teaches consumer education techniques in a business education methodology course. I suggest that the same system can be applied in science methods, as it could be in language arts or home economics or whatever discipline. I think the direction for state boards to take is to require universities to train new teachers who can integrate a variety of disciplines.

Once done, that leaves one problem. The problem it leaves is that based on current trends with decreasing enrollment, it has been projected that of the teaching population that will be in the public schools in 1985, 80% of them are already in the classroom. That means that there's only going to be a 20% turnover during the next six to seven years which averages out to about 3% a year. So, the big job is with in-service programs. To provide in-service your role changes. You're currently the producer of the newly certified teacher, and that will prepare 20% the 1985 teachers. Now you've got 80% of the teachers that need in-service. What are you going to do about that population? Well, if you can train the pre-service people to intergrate, then those same skills can be applied to the in-service teacher, but to do that you must become a consultant. You put yourself in a position of having to sell your services. I think Rosella's program is one mode for doing that. Individual technical assistance, like the demonstration we had today, would be another mode to help individual school districts.

Preparing <u>all</u> teachers is where the challenge is going to be. You're not going to accomplish anything with only secondary consumer education certificates. It's just not going to work. It doesn't meet the demand that's being generated by the state department and the state board of education. Universities must prepare elementary teachers and secondary teachers. They must prepare the future teachers and the existing teachers.

A MODEL FOR CONSUMER EDUCATION IN MICHIGAN:

LINKING RESOURCES AND SUPPORT SERVICES



Consumer Education Instruction

The second thing I want to do is to paint a scenerio for you of what I think consumer education instruction ought to look like. How would my ideal picture of what it's going to be like in the year 1990 appear? What I see for 1990, if we're all successful, and if we're dedicated to what we profess to be the appropriate way to approach consumer education, would be Rosella and I out of a job. Consumer education will be so much a part of all the disciplines, that it will lose its individual identity, and that while teachers are teaching math and home economics, and business education, and science, and all the other disciplines, they'll be teaching consumer education principles, but they won't identify them as that. It will be part of the regular coursework, it'll be part of the regular instructional program. It'll be part of the elementary program. And there will be no need for consumer educators, per se, maybe once in a while one of us will dust off our rusty bones and go provide a little consulting. That is what I'd like to see in 1990.

Model of Consumer Education

How do we get there? I have developed a model of what I'd like to see. So what I'd like to do is describe that model of consumer education for you. I'm going to talk about the actors in that model and what their role is, what their "bag of tricks" ought to be. It is against my model, admittedly an ideal world, that I would like you to compare what you've heard about Michigan, and what I'll say further about the resources already available here.

At the center of the model, I put the student and that's ultimately who we're supposed to reach. That's the ultimate client for the people that you're going to train. Therefore, you are a few steps removed from those students, but that's really who we have in mind. Now, some of you, I'm sure, teach consumer education courses not designed for training teachers to teach consumer education, so those students in those courses of yours, are the student. But in my model, these are the students that are in the elementary and secondary schools.

These students are bombarded, with a variety of teachers during their kindergarten through 12th grade instruction. I have never stopped to compute how many teachers they have, but they probably have two or three a year all the way through elementary school, and when they get to junior and senior high school it's probably in the neighborhood of half a dozen each year. They all represent a variety of inputs. They come to that classroom with a "this is my kingdom" philosophy. I was in a classrom, and when I closed the door, I did what I wanted. These teachers are going to do the same thing. If you are going to be change agents, if you're going to change the behavior of teachers, then as trainers of teachers, you must operationalize a system that will change them into consumer education as well as elementary, science or language arts teachers.

All teachers have a set of objectives. I was the most content, oriented teacher you ever saw in your life. I did like every other biology teacher, I knew exactly what I was going to be doing each day of the year; which days were lecture, which days were movies, which days

were labs, which days were discussions. I knew what the students needed, and I had my objectives all written out like every other teacher does. But, my objectives were science objectives, and the issue is how do you intervene into my objectives? How do you intervene in a fourth-grade teacher's classroom who has a set of basic skills competencies that the State Department of Education has mandated. In my model, what this set of teachers has, in 1981 or 1982 in Michigan, is a set of consumer education objectives that are enabling objectives that lead up to the 49 terminal objectives that are spelled out in the state guideline. Keep in mind that when you look at those objectives, that those are intended to be what the super consumer looks like. That's what "Super-Students" looks like when they have high school in terms of their consumer skills and that is a major problem. One of those objectives means very, very little, I suggest to you to a third-grade teacher. They need to be broken down, need to refined. A lot of the refinement will theoretically occur at the individual school district. I know that's the intent and the philosophy of that guidebook. I have serious reservations about whether that will happen. I believe that unless the department takes a leadership role in developing enabling objectives, that lead to the terminal objectives, very little will occur at the district level. They don't have the time, the money, and other resources it will take. The enabling objectives could come out of Title IV-C projects, they may come from some other sources. Consider that there are 49 terminal objectives that represent optional behavior. It would probably take 15 enabling

objectives for each one of those 49. Let's say, being conservative, 12 objectives times 49 terminal objectives, that's 588 objectives. Developing them will be a lot of work.

How do teachers relate those 588 objectives to the things that they're already doing in the classroom? If they are going to integrate consumer education, it has to be very clear that the consumer education objectives aren't something unrelated to what they're already doing, their current objectives. What is it that interfaces consumer education objectives and their existing classroom objectives. In my model, it is instructional materials. In the real world, what we do with consumer education materials is we key them to consumer education objectives. I suggest to you, if they were keyed to existing classroom, basic skills objectives, or science objectives or math objectives, as well as to consumer education objectives, then the interface is clear. Teachers don't have to add on. What they now have is a set of instructional materials that teaches what they've always taught, and at the same, teaches these new things that have been added called consumer education objectives.

The necessary materials exist. Rosella is recognized as someone who knows those materials. I don't know if she has ever tried to key them to basic skills objectives, but it can be done, and the necessary materials are available, and where there are gaps, I'm confident that the materials will become available without individual school districts having to sit down and develop them.

In short, the teacher's "bag of tricks" is a set of instructional materials that teaches the traditional objectives they've always had for

their classroom, whether they are elementary basic skills or subject specific objectives as well as consumer education objectives.

Outside the teachers, are the principals, and the administrators in the district and department chairmen. All these people have their own "bag of tricks." And just outside of there, are LEA (Local Education Agency) school boards. These are the levels from which support must come. Teachers aren't going to do anything that there's not support for upstairs.

There needs to be special programs for local boards, LEA superintendents, the principals, and department chairmen. Mechanisms are available for providing the programs in most states. A next step in Michigan is to convert the LEA policy makers and administrators in order to generate support among them. Alabama is doing that with career education because they're trying to help the local superintendents, and the local school boards to understand what career education is all about, and to instill in them some level of support. Because unless the support is there, there will not be consumer education in the classrooms of Michigan.

Among people like department chairmen and subject area supervisors at the district level, their "bag of tricks" is the ability to identify the materials that interface the consumer education objectives with the instructional objectives of the classroom, so that when the principal says, "I've got teachers that teach thus-and-so, and they would like to have consumer education in their classes. What can you do for them?"

The department chairmen and supervisors must be able to say, "Here's some instructional material and here's how it works. We can help you with that, we can identify the materials". And it doesn't have to be "Do A, B and C." They can provide A, B, C, D, E, F, G, and H and say, "Why don't you select a couple of those and I think you'll find it compatible with your program."

Outside of this system, is the State Department of Education, and in my model, there's a consumer education coordinator in there on a temporary basis, two to three years. This person has the responsibility for seeing to it that the enabling objectives I mentioned earlier are generated, and instructional materials that are keyed to the instructional guides of Michigan are available. You've seen but a few of the objectives today. They are the K through 8 performance objectives for the basic skills programs. That leads into another set called "Life Role Competencies". The Michigan Consumer Council developed a set of consumer education objectives. Further, most of the disciplines have additional sets of objectives. Now the state has developed a guide that says here are 49 terminal objectives for consumer education. Where is the interface between these 49 and the life role skills that were discussed earlier today. Where is the overlap? If, in fact, in the Spring of 1979, or next fall, teachers get this new set of objectives, where do they start? I suggest they won't start because it is so overwhelming. Someone must synthesize all the interrelated objectives, regardless of their source, and determine how the 49 are related to the life-role compentencies. This is a major challenge for the department and other people in the state that are going to have to deal with the teachers of those students we want to reach.

Out here, in my model, are the subject area consultants at the state level. These people's "bag of tricks" is to be able to identify appropriate instructional materials. For example, the science consultant must be able to say, "Here's a film strip program for the Joint Council and it's on the economics of pollution". The language arts consultant must be able to say, "Here's a nice unit that's available from the XYZ Company and it teaches vocabulary development and economics using the newspaper--traditional language arts objectives." The math consultant must be able to say, "Here's a math objective that has to do with money management, some materials that teach consumer education, personal finance, and math skills at the same time." Social studies is full of these kinds of materials. Ultimately, subject area consultants only have responsibility for those consumer education objectives that can be interfaced with their own curriculum area through instructional materials. They don't have all 49 objectives. One of the responsibilities of the State Department, the cordinator and subject area consultants, is to determine which of the 49 objectives best fits in which subject area.

You get into a problem when what's everybody's business is nobody's business, but that's what that coordinator is all about, to figure out who has got to do what. Then it isn't everybody's business anymore. There are certain objectives related to social studies. There are certain ones related to home economics. There are certain ones related to math. There are certain ones related to science and so on across the board. And each one of those people has instructional materials available that teach both consumer education and specific discipline objectives.

There's going to be some overlap across disciplines. There's going to be some people who have home economics objectives, in home economics courses that tie into objective number 32 in the consumer education guide. The social studies guide is going to have some materials that also teaches number 32 in social studies. However, it won't be a problem in the classroom because the approach will be different. The materials will be different. Remember, the materials tie back to the subject area objectives. So the responsiblity of the state department is to key materials to both consumer education and existing objectives. That's a critical step if we're going to infuse consumer education.

Outside of these people are upper-level administrators and state boards of education. I think the state board in Michigan has gone as far as it's going to go. My presentation to the Board is going to essentially include: 1) some comments about the terminal objectives in terms of revising the wording of a few; 2) a very specific policy statement in consumer education K through 12 with an interdisciplinary approach; and 3) I'm going to talk a little bit about the kinds of things I've just said. But, I think as far as what the role of the State Board of Education is, they've done all they need to do. Board sets policy, and their consumer education policy statement is clear. They're looking for a consumer economic program. And that's all the support from the Board that is needed. Now, it's up the administration, the upper-level administrators, the middle management people and the consultants to carry the ball, to implement the program.

In my model, there is a state legislature that in Michigan started this whole thing in the first place. If you're going to do it it's going

to take some money. It's going to take the coordinator's salary, to start off with. It'll take a little travel money, a little consultant money, but as I go on, you'll see that it is not expensive. I see some minimal appropriation as a critical step. Nothing's going to happen in the classroom in terms of intergrated consumer education until something happpens to get it funded. Let me explain why I think that's true. Let's take a principal for example. The principal is principal of an elementary school in a Michigan school district. He has a state policy recommending consumer education be taught in his school. And the principal is going to have to figure out how in the world to do that. What is it that principals do for teachers? How does the first-grade teacher receive assistance? How does the fourth-grade teacher receive assistance? How's that going to happen? The principal knows somebody at the state department of education. He's going to tap somebody that he knows to provide technical assistance.

It's a clear picture when you talk about secondary. The department chairman in a secondary school is going to call the subject area consultant in the state department and say, "How in the world do we do this in my subject area?" To be responsive to that request the consultant has to be able to pull from the file the keyed materials I discussed above. It takes time and money to develop that kind of resource and the money will have to come from a higher authority than a local school.

Another satellite support service is the university community. The point I tried to make earlier today is that they've got content and process responsibilities. Content is all fine and dandy, but teachers don't

know what the infusion process is. Content alone is inadequate. Sure, teachers will have nice consumer skills, and they go to the store and they'll be better consumers themselves, but they won't know how to relate what they know to the third-grade student. That's where universities fit in. They have a lot of resources, most of them are able to help the state department. For example, when they start putting together the curriculum guide, in terms of identifying materials, and interfacing objectives, then university staffs ought to be helping them. As SEA (State Education Agency) consultants and professors, you're subject area experts, and you're the process people, and you both need to work together.

I'd like to make one problem clear I see related to Centers for Economic Education. I know there are a few that are about to be established at Michigan universities. Center staffs tend to be economists. Rarely do you see somebody with any major responsibility at a Center who is in a school of education. What you get, as a result, is a group of economists standing around and complaining about the fact that the classroom teachers never take any economics courses so how can we expect them to teach economics. So what the economists do when they get a workshop going is they bring teachers together and teach the teachers economics. But, look at the other side of the coin. How many education courses have those economists taken. Probably fewer than the number of economics courses that the education people took. So, who in the world are they to tell people how to teach. What I'm saying is there's content and there's process. And you've got to pull together these resources. If you don't have economics and education and other departments involved, then Center's don't work very well. Economists have little credibility with a group of teachers out there in a school. They do a fine job of

explaining interdependence and opportunity costs. But, ask an economist sometime how you teach a six-year old kid to understand interdependence or opportunity cost. Most of the economists I know don't know how to do that. They do fairly well with high school students because they are similar to college freshman, but center staffs are not necessarily in tune with how to teach elementary students. But they're telling you that it ought to be done. The Joint Council has some really fine material but they just now are getting their act together to get it interfaced with schools. They just recently received a grant to hire a consumer educator that can teach the Center people how to teach economics to the teachers so the teachers can turn around and teach the elementary students. They've had instructional materials forever, but they don't know how to coordinate it with consumer education. But, they're going to try. And I think that's something to look forward to.

In my model are businesses and I think that have two things to provide. First of all, they've got the dollar, people in Michigan know that as well as anybody. Some of the greatest donors to the public schools are right here in the state. The other thing they can do is they are dynamite personnel resources. We heard from some of those people this morning. How do you get that kind of presentation happening in schools? How do teachers tap the resources that are available in their community? What kinds of cautions should teachers have? Should educators have any hesitancy about bringing business persons to their classes? Should they evaluate the speakers? Can they teach primary students? What should teachers do if they ask one to come in and speak? What can they do for them before they arrive? If they ask for a field trip with their business, how do they prepare students and how do they prepare the

business for those kids' arrival? Those are all questions that need to be worked out. It's a fairly simple system and I think the department and the Consumer Education Center can put together guidelines for teachers on how to use business resources, the personnel resources, the speakers, etc. There is somebody here who has some expertise in that area. There was somebody I talked to in the last day or two that knows how to make that system operate. That's the kind of thing that you're charged with. You can identify who around here can do it. You've got the resources.

Also, in my model are consumer agencies, credit unions, and co-ops. Other sources of help. How do you identify them? How do you prepare them? How do you make it a beneficial experience for kids? How do you make it a beneficial experiences for the person in the business world? If it's a parasitic relationship, the community-based people are not going to come back. If a bad thing happens in their store because a teacher didn't prepare the kids for the field trip--the store won't want them to return. So, how do you prepare these folks? How do you identify their materials? How can they support what we want to do? In my ideal world, there's a guidebook for teachers on how to use these resources. Maybe it's in the principal's office. I don't think it would be difficult to put together.

That's kind of a scenerio that I would like to paint. It's bringing together the variety of resources that are available. Figuring out what it is that they can do through the linkage system to get down to those kids. What do you have to do for them in preparation? The big challenge for Michigan, right now, is to take those 49 objectives, design the enabling objectives it takes to get kids there. I really think that's

something that has to happen at levels outside of the department, and then you have to say, these objectives are for this discipline, these are for that one, and then get the discipline people to interface them with materials, and prepare the discipline consultants to go provide the technical assistance in the schools. And it would be well to coordinate that with the university teacher training efforts. I really believe to could work and I don't think it's expensive. There's some real time involved. But, if we're ever going to get to 1990 with consumer education looking the way I want it to look, and remember that was editorial comment, that's the only way we're going to get there. If you really want to infuse consumer education, that's the way it's going go have to work. I don't know of another system that's got a better chance. I hope the model provokes some discussions tomorrow. I'm available for reaction, comment or attack on either one of the things I had to say, concerning the conversation this morning or the scenerio of what I'd like to see happen in Michigan in the next few years.

DEVELOPING A CORE LIBRARY IN CONSUMER ECONOMICS -- EVALUATION OF RESOURCE MATERIALS

Rosella Bannister, Director
Michigan Consumer Education Center

The first step in developing a library in consumer economics is to identify a definition and a classification system for the major topics. I'd like to share two definitions with you today. The first is from the Michigan Guidelines in Consumer Economics, 1978.

> Consumer economics education is the preparation of individuals in the skill, concepts and understandings required for everyday living so they are equipped to make decisions resulting in efficient use of and satisfaction from their economic resources.

A second definition which I like very much is one from Sandra Willett, Executive Vice President of the National Consumer League. This definition appeared in an article in Perspectives on Consumer Educations: Program Content, a National Association of State Boards of Education publication, 1978:

> Consumer education is the process which arms an individual with the knowledge and self-confidence needed to spend and conserve available resources with an eye toward individual satisfaction, marketplace efficiency, and the public good.

Building on these definitions, and using the content classification system identified in the Michigan Guidelines in Consumer Economics, a filing system has been developed at the Michigan Consumer Education Center. A free brochure "How to Develop a Filing System of Consumer Education Resources" is available from the Center. The six major areas are:

Factors Affecting Consumer Behavior
Financial Management
Buying and Using Goods and Services
Consumer Rights and Responsibilities
Basic Economics
Sources of Information and Assistance

Evaluation of classroom materials is one of the ongoing tasks of the consumer educator. Recognizing that few resources are perfect, the following checklist is used to evaluate materials at the Michigan Consumer Education Center:

CONSUMER EDUCATION RESOURCE EVALUATION

	Superior	Good	Fair	Poor
1. Is the information accurate, timely, up-to-date?				
2. Is the information practical and related to real life problems?				
3. Is the information balanced and objective?				
4. Is the information suitable for the intended audience?				
5. Is the resource technically appealing, easy to hear and to see?				
6. Does the resource include helpful teaching-learning activities?				
7. Does the resource support educational objectives of the learning situation?				
8. Does the resource stimulate further inquiry and critical thinking?				
9. Is the price reasonable, compared to similar materials?				

Using the checksheet above, the following films were reviewed and discussed by the participants during this workshop session:

Choice (Opportunity Costs). A Trade-Offs film for upper elementary students. 1978. Agency for Instructional Television, Ray Morgan, Box A, Bloomington, Indiana 47401. $115.00.

Law and the Citizen: Contract Law. 1977. Produced by Stanford University Law School. BFA Educational Media, 2211 Michigan Avenue, P.O. Box 1795, Santa Monica, CA 90406. $335.00.

Insurance: What's It All About. Filmfair Communications, 10900 Ventura Blvd., Studio City, California 91604.

The following resource listings of materials available for preview, evaluation and loan from the Michigan Consumer Education Center were distributed to workshop participants:

Consumer Education Resource Catalog, 1978
Resources on Insurance
Resources on Credit
Resources on Money Management and Budgeting
Resources on Health and Safety
Resources on Advertising
Adult Consumer Education Resources
Resources on Foods and Nutrition
Resources on Simulations in the Classrooms
Resources on Consumer Mathematics
Resources on Consumer Gyps and Frauds

TURNING STUDENTS ON TO MONEY MANAGEMENT

Marilyn M. Nagy, Assistant Professor of Family Economics
Michigan State University, Lansing, Michigan

Today's college student is no different than today's secondary school student--they have been raised in a electronic age with a penchant for the immediate or relevant.

There is no one technique that will work with all students, in all situations and with all instructors. Each instructor must experiment to find out what is effective given the nature of the student body, the size of the classes, and the constraints of the teaching environment--be they space or budget.

Having taught consumer education at the high school level in both inner-city and affluent suburban situations as well as at the university level I have learned that each situation requires a fresh approach to teaching, a new look at old strategies and a constant alertness to what students think about topics, textbooks, speakers, assignments and instructional strategies or delivery systems.

My comments today are based on these experiences with a heavy emphasis on the ideas that have been gleaned from end-of-term evaluations of teaching techniques, textbooks and assignments. Undoubtedly, there will be some ideas with which you will disagree. That is a healthy sign as it indicates you can think through why something may or may not work with your specific students.

My presentation will have several parts. First, I will deal with the assumptions on which my courses operate. Second, I will discuss what I do that has been successful relative to textbooks, teaching strategies and speakers and finally a few comments on some approaches to assignments that work well.

Teaching Assumptions

It is necessary to clarify your assumptions. They will permeate all of your teaching; the texts, and references you select, guest speakers, the

assignments you give, the way you grade the assignments, and the evaluation techniques you use.

Some of the assumptions on which my classes operate are:

1. Resources are limited and most people must choose between alternatives.

2. Long term goals are reached only by planning and forgoing some current consumption.

3. It is not how much money one earns, but how well it is managed that will determine over-all satisfaction with life-style.

4. Most decisions in our life have financial implications either directly or indirectly.

5. The old rules for spending no longer apply. Factors such as inflation, taxes and the energy crisis make them invalid.

6. The individual needs to make financial plans just as much as a couple. (The now out-of-date traditional family life cycle is no longer appropriate for the majority of people in our society and will be even less so for the students of our students.)

7. Every person has a right to determine what is important to them and spend accordingly. No authority has the perogative to tell anyone what to do with money they have earned. (Guidelines are just that--guidelines)

8. How much money is spend and on what is a reflection of the individual and family values and goals.

9. Planning does not mean confinement. Planning facilitates the reaching of goals.

Successful Teaching Techniques

Next, I will discuss what I do that appears to have been successful, starting with a discussion of textbooks. Textbook selection is probably one of the most important tasks a consumer economic education teacher must undertake. There are now many books to choose from, ranging from those who present alternatives with their pros and cons to the very prescriptive. My experience indicates that students do not like prescriptive texts. They do not like an author telling them what they should do. Rather, they want the alternatives explained, with their rationales, so they can make up their own

mind. A close examination of current texts will reveal that many of them are very prescriptive.

Choose a text that has an interesting writing style and is up-to-date. Do not be fooled by copyright dates. Some books carrying a 1978 copyright date could have been written in 1970. I am amazed at the number of authors who allow publishers to issue new editions that have been only superficially updated with little attempt to update the concepts. Some texts with 1977 and 1978 copyright dates are still talking about purchasing a house equal to 2 1/2 to 3 times annual gross earnings, are still assuming most women are fulltime homemakers and totally ignore topics such as graduated payment life insurance and mortgages. Such topics as Electronic Transfer of Funds (EFT) and new credit laws are ignored. As professionals we must look beyond copyright dates and look at the treatment and currentness of concepts. Avoid textbooks that are heavy in statistics. More important than the statistics are discussions of the concepts behind the statistics. Some books load the student down with facts, but never discuss the meaning of the facts.

Rarely do I teach the same lesson the same way. There is always something that can be done to improve an approach. I would like to share with you some ideas that have evolved from my experience in working with college level students.

My class for non-majors is equally divided between men and women and represents all majors from anatonomy to zoology. They take the class because they want to take it, not because they have to take it. My second class is for those who will be teaching consumer education regardless of the major and thus are required to take the course. (Michigan State has an inter-disciplinary teaching minor in consumer education) I use some different techniques and assignments with the two classes, even though much of the content is the same.

Students do not pay their hard earned tuition to sit around and have a gab session. They expect to learn something for their investment in tuition and time. With a few exceptions, most of the students with whom I have worked resent excess class time being spent discussing specific student's financial problem situations or re-explaining material missed due to absences. The place for such personal problems or remedial instruction is during office hours or private appointments. I have had very directed statements on term and evaluations from students who are resentful of those who use the classroom as a format for discussing their or a friends personal financial or consumer problem.

What I am saying, to make the majority of your students happy, is move your class along, allowing time for the answering of questions, but not allowing the class to become a gab fest. (This may be different at the secondary level where there is more time and the students are at a different educational level.)

Case studies are an excellent idea for class discussions since you can include all of the facts necessary to intelligently discuss the situation. Student raised situations are often second or third hand and miss certain key elements. Some situations, that I have discussed with students in private conversations, have become unidentified case studies in another class--but only after I have enough of the facts to make the discussion of the case study meaningful. A variety of case studies provide the opportunity for students to think through alternatives, make decisions and provide a necessary real world context in which to apply conceptual understandings. The case studies should involve situations that have some relevance to your students.

Bringing in current articles and charts from Newsweek, U.S. News and World Reports, Business Week, etc., related to classroom topics help keep student interest high. Often I make transparencies from charts that appear in these magazines, being sure to re-do them in larger type so the students

in the back of the room can see them. The transparencies help students see how the pieces of the discussion fit together and facilitates their notetaking.

Students seem to be turned on by the legal aspects of topics such as credit, marriage, divorce, and consumer complaints. I find they have little knowledge, but are concerned about the concepts related to dower rights, community property, estate taxes, and inheritance laws. These topics can be informative and stimulating when good case examples are used, or deadly depending upon the attitude and strategy of the instructor. Case examples of divorce, death and disability of young people in motorcycle or auto accidents, exemplify why even the young need insurance, need a will and need to know about social security. Again, let me caution, these statements are applicable to a college level teaching situation.

I do not emphasize number memorization or statistics. It is quite unimportant that the student know that the current interest rate ceiling in Michigan for small loan or finance companies is 30%. What is more important is that the students understand that these companies are regulated in most states and why the rates are so high. What they do need to consider are facts. For example, small loan or finance companies serve a social purpose of making loans to those in society who do not meet the credit standards of banks and credit unions and thus provide a choice between the finance company and the loan shark. Small loan companies consequently have a very high default rate, which means they must charge more to stay in business. Further, that firms located in the states that have low rate ceilings on finance company interest rates, have left the state leaving the low income marginal credit risk individual no alternative but the loan shark. Many of the students I teach won't end up in Michigan, so why make them memorize the Michigan legal limit was X% in 1978. The state they go to may well be different and even Michigan's limit may be changed next year. However, the societal role of the finance company will

be the same regardless of the state, and barring some major upheavel in the credit world, is unlikely to change. I could give you other examples of where statistical facts are not important, but the concepts underlying the statictics are, but see what I mean without further example. Whenever you are tempted to ask students to remember a statistical fact ask yourself this question: "So What?" I personally have identified about four statistics I make my students memorize and I clearly tell them what they are. Otherwise, I tell them to concentrate on the logic behind the statistics mentioned in their readings and in class. This approach, incidently, has been well accepted by my students. They know they are to read for understanding not for rote memorization of isolated facts.

Another idea that works is providing opportunities for the student to become acquainted with sources of information. I have different assignments for the major and non-major classes, but in both cases one of the assignments is a search for information that provides a familiarity with publications that they may need in the future. The assignments must meet the needs of students, so do not hesitate to experiment with new ideas until you find ones that serve the purpose with a minimum of busy work.

Occasionally I am pushed by a student to select what I think is the best alternative. If I answer, I clearly reflect my own values and situation. Just because we as educators have more knowledge about consumer topics, it does not give us the right to superimpose our own opinions and values on others. Thus, I put heavy emphasis on the pros and cons of various types of insurance, credit and savings plans and how they can meet the needs of individuals in various situations and with differing values. I use humor to make points and like to play the devil's advocate role on issues to stumulate thinking.

I start the term with topics that have great student appeal. From a logical point of view, I would teach in one sequence, however, from a

pragmatic perspective, I find it advantageous to start the term with topics such as credit and auto insurance, topics where the student interest is usually high. The less interesting units are inter-dispersed, which immediately brings me to another point. You must be enthusiastic. I have seen some teachers make the most interesting topics dull, because they themselves were not interested enough to learn the material well and then plan how to make it interesting.

If you do not know a topic well, you may wish to invite a speaker. However, as an instructor you have some definite responsibilities in relation to helping make the speaker effective. First, you need to determine what objectives the speaker will address and see that the speaker has them in writing. I find it helpful if I introduce the topic to students, before the speaker comes. Students usually need some background in concepts and vocabulary in order to take full advantage of the material the speaker has to offer. When I have had social security speakers in without providing a day of introduction to terminology and concepts the students gain little, as evidenced by test results. When I have built the schedule so that the basic concepts can be introduced ahead and terms defined, the resluts are much different. The students understand what the speaker has to say, are able to ask questions and score much higher on evaluations.

If you have large classes you may wish to tape the speaker so those absent may listen to the presentation. If you have video-tape facilities at your college you may wish to video-tape key presentations. My experience indicates that not all individuals who know their field well are good at imparting information to novices. For every four speakers I have asked, approximately one gets a return invitation. How do I make the decision to invite someone back? I ask the students at the end of the quarter to evaluate each speaker and indicate who should be invited back. With few exceptions,

there is usually a great unanimity of view on who should be invited in future terms.

Incidentally, don't over-look using the audio-visual library of your university if it has the capability for accessing television documentaries that relate to classroom topics. The library can be an excellent source of current video material related to topics you are covering in class.

If you have large classes with students from diverse backgrounds or interests you may wish to build in a recitation section. I have found this to be a helpful strategy. For example, in my class of future teachers of consumer education we split for recitation into two groups; those who will be teaching in informal settings such as extension or adult education programs and those who will be teaching in formal settings such as elementary and secondary classrooms. This way we can discuss strategies for teaching concepts we have covered in lecture and look at educational materials appropriate for various audiences. The feed-back from the students about the recitation periods has been, over-all, positive. It provides an opportunity for them to ask questions related to the lecture as well as look at how the topic can be taught to others.

In our evaluation of materilas we do try not to label a material as good or bad. Rather we try to look at them in terms of the audience for which they are appropriate--junior high, senior high, adult, minority, middle class, hispanic, poor readers, good readers or highly motivated students and similar facts that would affect the situations in which the materials would be appropriate.

Another idea that has worked well is the use of vocabulary sheets. These vocabulary sheets minimize the need for students to frantically write down what is being said, so they can concentrate instead on the ideas. The vocabulary sheets are distributed the day we discuss a topic so they are available when needed.

Student Assingments

I will conclude with a few comments on what I have learned about assignments. Students need process type assignments to help the understand concepts. To understand the conceptual difference in average daily balance, simple interest and add-on interest they need to work through some mathematical problems. The same is true with income taxes, social security, property tax credits and checking accounts.

Consumer math problems scare some college students, particularly those who avoided taking math classes. By giving out math problems related to class discussions and allowing students the opportunity to re-do them until they are correct I have been able to over-come much of this resistance.

Some math type assignments, such as a long form income tax with supplemental schedules, we do in parts -- some in class and some out of class. I find this process is essential if the students are really going to learn how to do a long form income tax with supplemental schedules.

If I may be didactic about one thing it is this point, "Never grade students on how they have allocated their funds." Students tell me repeatedly on term end evaluations that the five part financial plan they are assigned is the most worthwhile project. Yet, for me it is the most time consuming assignment to correct and the least discriminating. Why? Simply, I am not God. If their values are such that they want to spend most of their money on cars and recreation and skimp on housing and food who am I to say they are wrong! I may personally disagree with their allocation, particularly, since I was raised in a family that went through the depression, but I would be out of order to mark them down. When food figures are unrealistically low I make a comment such as "I gather you are a careful shopper and like brown bag lunches," but I do not take points off.

Teaching college level consumer education courses is challenging and

rewarding. My greatest satisfaction comes from the enthusiasm of my students. When I see comments on the end of term evaluations, "best class I have ever taken," "should be required by everyone," and "this course should replace a university general education requirement," I know I have been successful.

The best measure of our success as teachers would, however, be the long range assessment of student's ability to make better decisions in the marketplace and achieve a satisfying life-style.

USING THE COMPUTER IN MONEY MANAGEMENT EDUCATION

Irene Hathaway, Extension Specialist,
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The computer, as a decision-making tool, is one way of reaching audiences and of working with families on money management. One of the things that we know about decision-making is there are certain process steps involved in helping families think through decisions and certain variables that are important to any program that is considered a family decision tool. There are four of these variables that I am going to talk about.

Demographics

The first of these are the demographics. In other words, what are the characteristics about this group of people that make them unique or different from others? It may be age, income, where they live, the size of their family--the list could go on and on.

Affective

The second set of variables are those that we term affective, or the ones that concern the values and goals of the individuals involved. This is an area in which computer programming has not to date and may never be able to do any work. In other words, the computer is very effective in assigning numbers and in producing a series of numbers for information; however, it is valueless and to date we have not found any way to program individually held affective variables into a computer program.

Steps Families Take in Reaching Decisions

The third area is the process steps, or what are the steps that families take in reaching decisions? Again, these are the variables that a family must go through, and one of those very important steps is the gathering of information in order to make a more informed decision. This is where the computer, again,

can be a very important tool as it helps families with information that it would not be able to get in any other way. The computer has a unique capability of not only being able to catagorize and remember a great many bits of information, but to be able to put them together in a form that is helpful to the family and gives them information that we as human beings would find very tedious to put together and give.

Evaluation

The last variable is evaluation. There we can look at evaluation in two ways. One, evaluation from our standpoint of how well do the programs help the people they are directed toward, but more from a family standpoint--how does a family use computer information to do a checkup for themsleves so that they can look at their spending patterns or nutritional patterns, or whatever it is we are using as the input into this decision, and see how they are doing. In other words, families are often at a point where they want a yardstick against which to measure certain decisions and certain behaviors that they are currently exhibiting and see how well that compares to some norm which is set up on a scientific basis, or perhaps more on the basis determined by experts, or to some average where they can get information about people who are similar to them. The Telplan programs that we have at Michigan State are directed toward those four variables, and in one way or another incorporate all of them through the computer as the tool itself or through the interaction with the Extension Home Economist in doing this for the family. At present, we have three money management programs on line in Telplan.

Telplan

To give you a brief background, Telplan is a system that was designed at Michigan State University in the late 1960's and was primarily designed as an agricultural decision-making tool. The programs that are on this system are comprised primarily of agricultural-related programs. However, in about 1973,

some of the consumer marketing specialists began to put in some programs related to consumer behavior in the area of food purchasing, particularly nutrients in food. In 1976, we launched programs relating to family's money management, the first of which is $ WATCH.

$ WATCH

$ WATCH is a computerized budget analysis in which families give us some basic data about their spending patterns as well as their family size, income, we put that into the computer terminal and receive back a printout comparing them to other families who are similar to them. This is done instantaneously with a hard copy terminal and we are hooked by telephone to the computer at the University of Michigan for all of these programs.

Steps into Spending

Steps into Spending is the second program which we have in the Telplan system. This program goes into far more detail than $ WATCH on family spending patterns and asks them in detail the income they have coming in and when it comes in; all their expenses both monthly and irregular expenses; their debt, not only the amount that they owe but the monthly payment, the APR and when they make the payments; and their asset structure. From this information we are able to give them a cash flow statement, a detailed spending plan which gives them a monthly look at where their money is going, a net worth statement, and a debt reduction schedule which gives them an idea of what their current debt is, how much they pay in interest and what the principle will be at the end of the year.

$ STRETCHER

$ STRETCHER is a new program which we have just developed together with Ohio State University. This program was developed in response to a need in Ohio when unemployment was something that Ohio was very concerned about in last year's coal strike. It takes the same basic information as $ WATCH, however, it adds two additional fixed expense variables - car and life insurance. When

the printout comes it gives them a comparison between how they were spending their money before an unemployment situation and how they might start to plan to spend their money in a temporary unemployment situation. This program can be used for families who are facing a decrease in income for reasons other than unemployment, although that's the one the program was first developed for. In this program their fixed expenses stay the same and their flexible expenses are then scaled down depending on their family size, not letting them fall below the Thrifty Plan of food spending from the U.S. Department of Agriculture or the minimums required in such items such as household operations and clothing, particularly if there are children, as some examples. $ STRETCHER then asks the family questions about how they will achieve this spending goal and if their short term unemployment income is not enough to meet these expenses what they will be able to do particularly if they have high fixed expenses.

The program we're going to talk about today will concern $ WATCH since that's the one that probably is the basis of the majority of what we have done. We have run approximately 7,000 families through the program to date and have been able to collect information on over 4,000 families, not including those that have gone through in 1978. The $ WATCH variables which correspond to the demographics that we talked about earlier are four in number. First of all is family size, which we have from one to six or more. The location of where they live: one breakdown is called urban-rural-suburban which is quite a large breakdown but gives us the majority of the people that we work with. The second breakdown is farm because we were able to find some definite farm-family living expenditures that we could use. The next variable is income and when we started we had six income levels in each of the family sizes. We have now added a seventh income level for all sizes except families of one. The last variable is whether or not the family has a current car payment.

In thinking through how to put the program together at it's inception, it occurred to us that it was impossible to give families an average for car payment. They either had one or they didn't. So it was necessary to us to put together two sets of data for families around this variable. After running the program the first year we found that 50.3% of the families did have a car payment and 49.7% did not have a car payment and therefore we were very justified in using this as a break-up variable.

The $ WATCH data bank has come through a series of evolutions since 1976. At that time in looking around for accurate data that we could help families with we found that there was nothing in the way of a consumer expenditure study that related to Michigan families. We therefore had to go to the Bureau of Labor Statistics' Consumer Expenditure Study. Unfortunately, at that time, the 1972-1973 Survey was not yet completed so we had to go back to the 1960-1961 Survey and do some updating with the Consumer Price Index. We were also interested in families' car payments and installment debt which the Bureau of Labor Statistics does not compile. We therefore bought the University of Michigan Consumer Survey Interviews for 1973 in which they asked those particular questions. We then merged those two major studies and put together a comprehensive data bank for our program. In addition, for the farm families we used the USDA Farm Family Living Survey which was done in 1973. After operating this program, first in thirteen metropolitan malls in the largest counties in the state of Michigan, we then went statewide throughout that year and at the end of the year we had collected usable information from 3,199 Michigan families. Our decision at that point was to use our own data that we were collecting rather than go back to the studies which were not Michigan related nor as current as our information. Therefore, we are using now our nonrandom sample of families in generating the data base for this program. In 1977 we collected an additional 1,278 Michigan participants so that we now have over 4,000 families in our data bank.

At this time we are going with two ways of running the $ WATCH program. The first is the traditional breakdown of urban-rural-suburban and farm, using the 1977 information that we collected on the 1,278 families. The second method is to put the families together in a two year package and break out the metropolitan from the non-metropolitan counties and still have a farm category. We have defined metropolitan counties as those with major urban areas, Wayne, Oakland, Macomb, Ingham, Eaton, Kalamazoo, Kent, and Saginaw. All other Michigan counties fall into the non-metropolitan group.

The input form that we use for the $ WATCH program is a very simple form that families can pick up at the time that they run the program. In most cases, when we have run a major promotion at a mall or other location such as fairs or in banks in local communities. The form has been published in the paper or sent through a newsletter beforehand so that families could get their data together. The questions asked are, first of all, the number of people in the family, whether or not they are the urban-rural-suburban family or farm, their available take home pay (taken in a weekly, every two-weeks, monthly or yearly figure). Families are then asked to give us a dollar estimate of what they spend monthly for food (at home and away) rent or mortgage (including property taxes and insurance), utilities, care payment and gasoline, other installment debt payments, savings. In addition we're able to take any other expense category that the family wishes to give us. The most common has been child support, and the second has been baby-sitting. Other items that families have wished to detail have included educational expenses and life insurance.

The output form gives them their figures compared to the typical figures that were derived from the profile that they fit most accurately in their variables. The categories are listed and both a dollar and a percentage figure are given both for the families budget and for the typical figures.

As you can see the figures are exactly the same for those categories which we ask them about with the exception of car operating costs. Here we take the gasoline cost and double that to give them an estimated car operating cost. This figure is derived from the 1973-1973 Bureau of Labor Statistics Consumer Expenditure Data which gave a figure for the North Central Region that gas was 48.5% of the total operating cost of a car. Feeling that it would not be possible to explain that concept easily to many families we decided to use it as 50% and double that figure. Obviously that means that there are some families for which this estimate is not accurate particularly those who have very low gas expenditures or those that have very high gas expenditures. It's important for us to be alert to these as we run people through the program.

The dollar amount that is left after the basic expenses is then allotted to the remaining categories such as household operation, furnishing and equipment, clothing, personal care, etc. These are allotted on a weighted basis using the original Bureau of Labor Statistics weighted averages. In all cases it is made clear to the family that these are only estimated expenses and that in no case will this fit them exactly. In the interaction between the Home Economist and the family, at the time the printout is received, the values come into play. Families are then able to express value preferences and Home Economists are able to reinforce families to mention things that programs such as $ WATCH do not take into account.

$ WATCH as a Decision-Making Tool

If we look at the focus that this program allows us, we can look and focus on one particular item or on a number. For example, we can look solely at their food spending or housing costs, or utilities or car expenses or installment debt or their discretionary spending or we can take that in total and look at it as a unit to see where they are similar or where they are different from other

families. The Home Economist is then able to help the family with additional information that they might find useful in their money management planning.

Therefore $ WATCH as a decision tool is one of the process steps in gathering information. The family can then look at their particular example, decide whether or not they want to take action on any or all of the categories and then go for more information on how they might readjust their spending. Or they might find that they're perfectly satisfied with the spending pattern that the program shows them and this simply reinforces what they currently are doing and makes them feel more satisfied with how they're managing their money.

CONSUMER ECONOMICS EDUCATION: A LEGISLATOR'S VIEW

Remarks exerpted from a talk given by
Michigan State Senator, Jack Faxon

Consumerism is here to stay. In a study conducted by Louis Harris and Associates for the Sentry Insurance Company, it was discovered that 52% of the 1,510 adult consumers surveyed favor the creation of the Agency for Consumer Protection. A still more significant 92% supported compulsory consumer affairs education on the high school levels.

Although consumer education is considered by most legislators to be a desirable input into our educational system, there are some practical concerns on the part of legislators recently highlighted by the publicity over decreased taxation expressed on the part of the citizens.

The first of these concerns is the self proliferation of educators to preserve themselves although most of the state is facing declining school populations.

Second, and related to the above, is the overdepartmentalization of educators. Every discipline seems to be deviding itself down into narrower and narrower structures and getting away from the broad categories such as math, English, etc.

Third, consumer educators along with other educators are viewed as another pressure group requesting funds. These groups along with the hundreds of other interest groups must be evaluated by the legislator.

Keeping these somewhat negative points in mind, I would like to add there are some positive movements afoot to ensure the development of consumer education in Michigan. There is legislation presently pending in the House dealing with consumer education. HB 4403 is in reference to making consumer education courses mandatory on the secondary level. In the legislature at this time, there are 92 bills all designed to provide more protection for consumers in

the marketplace. As these bills become laws, it will be necessary for you as consumer educators to see that this information is brought to the people and properly utilized.

One suggestion I have in order to influence legislation to strengthen consumer education is to work from the bottom up rather than in the traditional method of trying to pass an idea from the top down. Let me explain. In the top down method, school administrators approach the legislature for new programs. In the bottom up approach, the expressed need comes from the citizentry. In my estimation, it is the ground swell from consumers indicating their desire for consumer education at all levels that will insure the funds necessary for the programs.

As I see it however, there are some inherent problems in the area of consumer education, that you as educators need to iron out:

1. Consumer education deals with basic theoretical concepts that differ substantially ie. from those of marketing, business, advertising, economics. These theories need to be sifted through.

2. Consumer education is so broad that it is difficult to define and thereby loses its identity. Is it taught by the math department and therefore part of math, or business ed., home economics, or what?

3. At this particular time, in my opinion, the legislature will not do much more than what has been done. From here on out it will depend on local school boards to decide if they think consumer education has applicability to their local districts.

4. There needs to be a lot more grass roots support for consumer education. Too much of the vocal support comes from on high. You need to do your jobs and get every community college to be teaching about consumer education and see that all consumers get more information about the basic problems of being a consumer.

Certainly, it can be seen that consumer education is not easy work. It is, however, one of the most worthwhile and useful efforts a teacher can make on behalf of the public and national welfare.

CONSUMER ECONOMIC EDUCATION---DISCUSSION SESSIONS

One of the purposes of the consumer education conference was to begin to develop a unified and cohesive approach between the state's institutions of higher education with regard to the content and delivery of consumer education programs at all levels. Using the information gleaned from the various speakers, discussion sessions undertook the task:

1. To establish a plan for teacher education in consumer economics
2. To establish a plan for inter-university cooperation in consumer education.

In order to facilitate this discussion the following information was compiled prior to the conference.

WHY MICHIGAN NEEDS AN ACTION PLAN IN CONSUMER ECONOMICS

In April 1974, the Michigan legislature passed Public Act 89 which required the Michigan Department of Education to develop guidelines in consumer economics and to make them available to all school districts in Michigan.

The Michigan Guidelines in Consumer Economics have been developed and are awaiting approval by the Michigan State Board of Education and distribution to the schools in 1979. Components of the Guidelines include:

Definition	Classroom Resources
Goals	Guiding Principles
Student Objectives	Learning Activities

To promote effective use of the Guidelines, a related statewide action plan is needed. The objective of the following Three Year Action Plan for Consumer Economics Education is to suggest strategies for strengthening the delivery of Consumer Economics Education based on the Guidelines.

This Action Plan identifies objectives which could be developed by the State Department of Education and Michigan's Institutions of Higher Education. Through cooperative efforts with existing Professional Development Centers, educational agencies and local school staffs, consumer economics programs for students will be strengthened.

STATE DEPARTMENT OF EDUCATION

Goal: To develop and strengthen the Michigan Department of Education's management activities for the delivery of consumer economics education in Michigan schools.

ACTION OBJECTIVES	PERSON(S) RESPONSIBLE	TIMELINES	ESTIMATED COST
A. Appoint a full-time specialist to the Michigan Department of Education staff to coordinate efforts in consumer economics among the following: 1. State Department of Education areas: a. Career Education b. General Education c. Higher Education, Adult and Continuing Education d. Library Services e. Research, Evaluation and Assessment f. Special Education g. Teacher Preparation and Professional Development h. Vocational-Technical Education 2. Institutions of Higher Education. 3. Local Educational Agencies. B. Establish objectives timelines, cost estimates and budget approval procedures needed to strengthen the delivery of consumer economics education in Michigan schools. C. Survey existing elementary, secondary and adult consumer economics programs in Michigan to determine current status of curriculum as well as teacher professional development needs. D. Develop a plan for delivering teacher inservice education related to the consumer economics Guidelines, in cooperation with institutions of higher education and local delivery systems.			

ACTION OBJECTIVES	PERSON(S) RESPONSIBLE	TIMELINES	ESTIMATED COST
E. Identify state and local educational staff persons with responsibility for consumer economics in the following areas: 1. Michigan Department of Education 2. Institutions of Higher Education 3. Professional Development Centers 4. Intermediate School Districts 5. Local school districts 6. Classroom teachers			
F. Develop a plan for increased funding of consumer economics education programs in Michigan. 1. State funds 2. Local funds 3. Private funds 4. State distribution of federal funds			
G. Implement a plan for public relations and promotion of consumer economics in Michigan schools through publications, audio-visual materials, speeches and exhibits.			
H. Supplement the existing Michigan Guidelines in consumer economics by providing the following publications: 1. Guidelines for elementary schools 2. Guidelines for middle schools 3. Guidelines for adult education 4. Guidelines for special population groups, including low-income, older persons, bilingual groups 5. Update of classroom resource materials related to Guidelines objectives			
I. Develop an evaluation design to measure the effectiveness of elementary, secondary and adult education programs in consumer economics.			
J. Establish multidisciplinary experimental and demonstration programs in consumer economics and evaluate these programs.			
K. Identify and make available instructional resource materials to local schools in cooperation with the Regional Educational Media Centers, school and public libraries, and college-based consumer economic education resource centers throughout the state.			

INSTITUTIONS OF HIGHER EDUCATION

Goal: Identify and strengthen the involvement of Michigan Higher Education Institutions in Consumer Economics Education.

ACTION OBJECTIVES	PERSON(S) RESPONSIBLE	TIMELINES	ESTIMATED COST
A. Identify institutional staff persons with responsibility to consumer economics in all academic areas.			
B. Analyze existing college teacher-training programs in consumer economics. 1. Undergraduate programs 2. Graduate programs 3. Non-credit inservice programs			
C. Develop an evaluation design to measure effectiveness of college programs in consumer economics.			
D. Develop a plan for strengthening the delivery of preservice and inservice education to teachers of consumer economics.			
E. Analyze the current status of teacher certification in consumer economics and suggest possible improvements.			
F. Identify areas of research needed related to consumer economics content, teaching methods, and program implementations.			
G. Develop career-training programs for jobs in consumer and economic education in business, government, labor and the community, as well as in traditional educational settings.			
H. Identify areas of cooperation and communication among Michigan colleges in the continuing process of adapting to change in consumer economics education.			
I. Encourage faculty and student participation in the state and national organizations for professional growth; the Consumer Educators of Michigan, and the American Council on Consumer Interests.			

ACTION OBJECTIVES	PERSON(S) RESPONSIBLE	TIMELINES	ESTIMATED COST
J. Write proposals and seek funding for the development of innovative programs in consumer economics.			
K. Promote increased enrollment in college level consumer economics courses and programs by developing brochures describing educational opportunities.			

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During the first workshop discussion session on August 28, participants were asked, as educators, to identify what they saw as the major problem areas needed to be more clearly defined in order to have a unified approach to consumer education. From this discussion, six major areas were identified with a number of subheadings.

1. Definitions

   a. What is consumer education?
   b. What is its particular vocabulary?
   c. Are consumer economics and consumer education the same?
   d. How does consumer education fit into the new basics?
   e. What is the theoretical structure of consumer education?
   f. How is consumer education evaluated?

2. Theory

   a. What is the theoretical structure?
   b. What is the scope and sequence?
   c. Where do we integrate from different disciplines and where do we separate?
   d. How do we teach learning theory and at what level?

3. Linkage

   a. What is the role of the State Board of Education and the Department of Education?
   b. What is the role of the non-formal community based programs?
   c. Where do we interface programs between education, community, business and governmental programs?
   d. What is the role of the University and the Professional teacher centers?
   e. How do we develop a system of feedback and evaluation from the various off-campus programs?

4. Delivery

   a. What is the core curriculum (competencies, content, and process)
   b. How do we establish a multi-disciplinary approach to consumer ed?
   c. Should programs be developed for non-consumer education trained teachers?
   d. How does consumer education interface with other existing programs?

5. Teacher Certification

   a. What should be the core curriculum needed for teacher certification?

6. Funding

   a. Who will pay for continued in-service training in consumer education?

Four small groups then set about the task to discuss these problem areas more fully, and to rank them, if possible in the order of importance. Although each group went about the task in a different manner and ranked the overall list differently, most agreed that two areas, identifying the theory, and definitions of consumer education were the major problems facing consumer education in Michigan at this time.

The second discussion session was devoted to developing an action plan for the inter-university cooperation in specific problem areas. The following is the list of suggested activities:

1. To develop a list of non-commercial consultants for in-service programs in consumer education.

2. To develop a list of teaching competencies for secondary and elementary level teaching and identify where these competencies can be found within the courses taught at the various universities.

3. To take the 49 objectives identified in the Michigan Consumer Economic Education Guidelines and develop enabling objectives.

4. To develop a delivery system that will reach the professional, and non-professional teacher of consumer education and finally to the ultimate consumer.

5. To secure a grant for teacher training update.

6. Seek to interface consumer education with existing disciplines.

7. To support the appointment of a consumer education specialist at the State Department of Education.

8. To continue a program of cooperation among the universities teaching consumer education.

From this list of suggested activities, the following activities were given highest priority and will be worked on prior to the meeting of this group in November.

First. Draft a letter to the state department of education encouraging the establishment of a consumer education specialist.

Second. Develop a list of non-commercial consultants available for in-service education programs in consumer education.

Third. Explore the development of a grant proposal with the prime objective being the updating of teacher competencies in consumer education.

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Note:

In a workshop follow-up meeting held in Lansing, September 29, 1978 it was concluded that concurrent to the updating of teacher competencies in consumer education the following research data is needed in Michigan:

1. Survey Michigan's teacher professional development delivery systems to determine current status and appropriate linkages.

2. Survey Michigan's elementary, middle and high schools to determine current status of consumer education and to assess teacher needs in updating skills.

Following an analysis of this data, the inter-university workshop participants would develop a plan for providing in-service programs to consumer education teachers in Michigan.

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August 27-29, 1978

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